

The Incorporated Accountants' Journal.

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Professional Notes.

THE Incorporated Accountants' Conference held in Sheffield from Wednesday, 24th, to Saturday, 27th September, was successful in every detail, and the Sheffield and District Society of Incorporated Accountants is to be congratulated upon all the arrangements made for the reception and entertainment of the

members and ladies taking part in the proceedings. In this connection an acknowledgment ought to be made of the services of Mr. J. W. Richardson, A.S.A.A., the Honorary Secretary of the Sheffield and District Society, and of Mr. A. A. Garrett, M.A., the Secretary of the Parent Society, who were indefatigable in discharging the heavy duties cast upon them. The President of the Sheffield Society, Mr. Percy Toothill, F.S.A.A., and Mrs. Toothill received the members and guests at the Reception and Dance which was the prelude to the business proceedings on the next day. The Lord Mayor of Sheffield, Alderman C. W. Beardsley, in opening the Conference, mentioned that this was the first occasion during his occupancy of the Chair of Chief Magistrate that the use of the Council Chamber had been granted to any organised body visiting Sheffield. Mr. Henry Morgan, F.S.A.A., was an ideal President of the Conference, and he was ably supported by his wife in the many duties he had to discharge.

The Incorporated Accountants' Students' Society of London will open its Autumn session on Thursday, October 9th, when Mr. Hartley Withers, formerly the Editor of *The Economist*, will deliver an address at Incorporated Accountants' Hall on "Influences Affecting the Value of Securities." The President of the Students' Society, Sir Stephen Killik, J.P., will be in the chair. It is well known that Sir Stephen Killik, who is an Alderman of the City of London, relinquished the practice of accountancy many years ago in order to become a stockbroker, and he is now a member of the Committee of the Stock Exchange, which he represents on the Council of the London Chamber of Commerce. Sir Stephen's name has been on the roll of the Society of Incorporated Accountants and Auditors for 35 years, and the members of the Students' Society are fortunate in having his wide and varied experience placed at their disposal during his year of office as President.

In the House of Commons the Chancellor of the Exchequer, in reply to a question relating to Super Tax on the undistributed profits of companies, stated that in 125 cases companies had exercised their right under sect. 18 of the Finance Act, 1928, to submit their accounts to the Special Commissioners with the view of ascertaining their position in relation to any liability that might have been incurred. In thirteen of these cases, he said, directions had been given to the effect that there was a liability, and in 111

cases no such direction was issued, one application being still under consideration.

Complaints are coming from all quarters that industry is being crushed by taxation both local and national. The local rates are equivalent to an additional rent and are often very heavy, while Income Tax, so far as manufacturers and traders are concerned, is a direct charge on the business. It is only the balance left after debiting these items that is available to be withdrawn for personal use, and it is futile to contend, as is sometimes done, that taxation is not a charge on industry. Mr. A. M. Samuel, M.P., formerly Financial Secretary to the Treasury, has been endeavouring to expose the fallacy in the report of the Colwyn Committee, which stated that, in the view of the Committee, Income Tax is not laid upon sales like a turnover tax, but upon the margin of profit, and consequently does not affect the costs of production. Mr. Samuel considers that this and other errors of that report are in no small degree responsible for the mischief from which we are now suffering.

While local rates and Income Tax are undoubtedly a direct addition to the cost of production, the high rates of Estate Duty are, on the other hand, a very serious drain on the capital resources which would otherwise be available for the financing of industrial undertakings. Industry is thus suffering from high taxation in two directions: on the one hand, by a depletion of capital resources, and on the other by an addition to productive costs, and as the taxes in this country are very much higher than those in other countries with whom we have to compete, it is easy to understand our difficulty in maintaining our export trade.

In Germany the Ministry of Justice and the Ministry of Labour have collaborated in drawing up proposals for the reform of the law relating to joint stock companies. The proposals have been published for general discussion, and the final form which the legislation will take will depend to some extent upon the result. Hitherto the auditing of companies' accounts by professional accountants has not been compulsory, but now it is proposed to prescribe definite regulations in regard to audit, and these regulations are to deal with the items which must appear in the balance sheet and profit and loss account. There is likewise provision for the publication of the balance sheets of all affiliated companies. It is not considered advisable to present the full report of the auditors to the

shareholders in general meeting on the ground that it may prejudice the interests of the company or tempt the auditors to limit their report; but the directors must inform the meeting whether the auditors express themselves as completely satisfied with the state of the company's affairs.

As Germany does not at present possess a body of recognised accountants, the Government is asked to frame special measures for training them. It will be interesting to see the form which the new legislation ultimately takes, and also to watch the effect of its operation in the years to come. At the present time joint stock companies in Germany are controlled by managing directors and a supervisory board. This arrangement it is proposed to continue, supplemented by a compulsory audit of the accounts.

It sometimes becomes convenient for persons who are acting as trustees for several trusts to request secretaries of public companies to open separate share accounts, which are usually distinguished by letter, so as to keep distinct the dividends derived from the same company which belong to the different trusts. It is not unusual for companies to meet the desires of trustees in this connection to the extent of opening three or four accounts, designated by the letters A, B, C, &c., but objection was raised the other day by a railway company to the opening of more than one account for any body of trustees on the ground of the extra expense and trouble involved in doing so. It is quite understandable that requests of this character by trustees should be confined within reasonable limits, but it is certainly confusing to have dividends on shares belonging to different trusts remitted on one dividend warrant, leaving the trustees to make their own apportionment, and it is rather surprising to find a railway company taking exception to the opening of two or three separate accounts in cases of this character. Any such action is not likely to encourage trustees to invest their funds in the securities of these companies.

Some discussion has been taking place in the public Press with regard to the denominations of our coinage, and Mr. Harold Cox has written to *The Times* suggesting the withdrawal of the half-crown from circulation and the issue of a 4s. piece, thus making the silver coinage 3d., 6d., 1s., 2s., and 4s. One of the grounds for the suggested change is that the half-crown and florin lead to confusion, especially with short-sighted people and also with visitors from abroad.

On the other hand, strong exception has been taken to this proposal on the ground that the value of the half-crown is better understood by strangers than any of the other coins. One correspondent alleges that, so far as Canadians are concerned, they have never had, and never will have, a dollar coin, and therefore will have no use for the 4s. piece. While the half-crown is a bar to the decimal system, there is no doubt that it is a popular coin with the people of this country, and that a 4s. piece would be unpopular on account of its size and weight. The introduction of decimal coinage has been a disputed point for many years, and a partial reconstruction of our coinage without securing a decimal system would probably give little satisfaction, and create a good deal of criticism.

Notwithstanding the industrial depression, the affairs of the Manchester Unity of Oddfellows Friendly Society continue to make progress. The magnitude of its operations is indicated by the capital reserves of the Society, which now amount to nearly £26,000,000—an increase of £269,000 during the year 1929. Of the capital reserves above referred to, nearly £21,000,000 belongs to lodges in Great Britain, and those lodges have an income for the year of over £2,000,000, something less than half of which is derived from interest on investments. The amount paid in sickness benefits was no less than £1,418,000, and payments on account of death £217,000.

America has methods of its own of dealing with business depression. It is reported that three coffined dummies representing "Old Man Business Depression," his wife "Mrs. Pessimism," and his daughter "Miss Fortune" were solemnly buried in the waters of Hampton Roads in the presence of a thousand business men, including bankers and manufacturers. The service was conducted by a clergyman, and the Governor of Virginia delivered a funeral oration in which he said, regarding the dummies, "You have been tried by a jury of your peers and found guilty of subterfuge, and of being undesirable aliens. And now, as the Governor of Virginia, I hereby proclaim that you shall be sent to the realm of reality where you belong."

As the result of co-operation between the Bank of England and the Incorporated Association of Retail Distributors, the *Board of Trade Journal* will publish monthly a report on the conditions of the retail trade. About 100 departmental stores, situated in 60 different towns, have agreed to furnish the Bank of England every month

with returns of the sales, stocks, and number of workpeople employed in the previous month, together with the corresponding figures for the same month in the preceding year. At a later date, when sufficient time has elapsed for the constitution of a satisfactory basic period, the Bank of England proposes to prepare a Retail Trade Index. The first report, dealing with the month of August last, has already been published, and discloses some interesting figures.

It will be remembered that a scheme was put forward some time ago with the object of avoiding stamp duty on cheques for payments of £2 and under, but had to be dropped as it was found that the "chequelets" or "unstamped receipts" were in fact liable to duty. A more ambitious plan with similar objects has since been under consideration by the banks.

Briefly, the idea is that a firm desiring to make a number of payments, will prepare a list of the payees, giving the names of their bankers and the branches at which their accounts are kept. This the firm will send to its own bank, together with a cheque for the total amount. Particulars of each item will then be entered by the bank on separate slips or tickets, from which lists will be prepared showing the amount payable by the bank to each of the other banks, which in turn will advise its branches. By this means the drawing of numerous cheques will be avoided, and also the cost of stationery and postage. It has likewise been suggested that the subsequent entry in the bank's statements should be accepted as evidence of the payment, and that stamped receipts would thus be unnecessary. Full details of the working of the scheme are not yet available, but it does not seem to us to possess any particular feature which will render the issue of receipts less necessary than at present.

We understand that the scheme has been submitted to the Inland Revenue Authorities, who consider that the individual items are not liable to stamp duty. Whether the proposition will receive general approval remains to be seen. If it does, it is likely to have far-reaching effects.

The Autumn Meeting of the Chartered Institute of Secretaries will be held in London on Thursday and Friday, October 23rd and 24th. On the evening of the second day there will be a dinner at the Guildhall, prior to which a reception will take place in the Art Gallery of the Corporation, which adjoins. The guests on the occasion will include the Lord Mayor (Sir William Waterlow) and the Lady Mayoress.

INCORPORATED ACCOUNTANTS AT SHEFFIELD

The President on Trade Depression and Company Flotation.

AFTER the lapse of a quarter of a century the members of the Society of Incorporated Accountants and Auditors visited Sheffield on September 24th to 27th for the purpose of holding a Conference, on the invitation of the Sheffield and District Society of Incorporated Accountants. An official welcome was given to the members in the Council Chamber at the Town Hall by the Lord Mayor, after which Mr. Henry Morgan, F.S.A.A., President of the Society, delivered his Presidential Address.

For the present we are limiting our review of the proceedings to Mr. Henry Morgan's speech, as we shall have another opportunity of making some observations in regard to Mr. C. Hewetson Nelson's interesting address on "The Service of Accountancy in the Present Age." In his opening remarks, Mr. Morgan made reference to the increase in the Society's membership from 2,100 in the year 1905 to 5,400 in the current year, in spite of, he said, a standard of professional training and examination which has been constantly raised. In Mr. Morgan's view this figure, which gains from not being spectacular, represents an augmentation of power and influence in the accountancy profession and is an indication of the vitality of the Society.

On the subject of Registration of Accountants, we have dealt so recently with the matter in these columns that we can pass it over on this occasion in order to examine Mr. Morgan's review of subjects of wider interest from the standpoint of the public. Discussing Great Britain's trade, Mr. Morgan was of opinion that no good purpose could be served by disregarding the present position, which he said was a very grave one demanding an immediate solution if we are to survive as a great commercial nation. After pointing out that the cost of maintaining the unemployed had already risen to something near £100,000,000 per annum, he said that the cost of relief in other countries was not on anything like the extravagant and demoralising scale in force in this country. In dealing with the taxation position, Mr. Morgan asserted that, from the Revenue point of view, the changed basis of assessment from the average of the three previous years to the actual profits of the preceding year would be severely felt, and that there must be an increase in the rates of Income Tax and Sur tax next year if it was desired to raise from this source an amount equal to the

estimated yield for this year, without taking into account the Budget deficit which in his opinion was a certainty.

Mr. Morgan has been and is a fearless critic of the industrial boom of 1928-29 which ended so disastrously in the autumn of last year. He stated in his Address that he had made an examination of the records of 58 companies formed for the purpose of establishing new businesses or developing new processes, whose prospectuses were advertised in the last six months of 1928. He had ascertained that their issued capital amounted to £15,117,000, and the estimated profits of 52 of the companies totalled £5,219,000. The prospectuses of the remaining six companies, while predicting substantial profits, modestly refrained from stating any amounts. It is well for us to note here that these estimates and predictions were not supported by members of the profession, as any such course would have been a breach of professional duty. According to the latest information Mr. Morgan had been able to obtain concerning these 52 companies, sixteen had not yet published their first accounts and fourteen of these were in liquidation. Of the remaining 36 companies, only five earned profits which totalled less than £48,000 as compared with the prospectus estimates of over £214,000. The remaining 31 companies whose accounts were available suffered losses aggregating £690,000, as compared with prospectus profits estimated at £3,178,000. Of the whole 58 companies, said Mr. Morgan, only one had paid a dividend and 27 were in liquidation. Further than this, sixteen of the remaining companies were in serious difficulties owing to losses from divers causes and in nine cases from the defaults of underwriters.

We are glad to see that Mr. Morgan did justice to the new Companies Act which did not come into force until November 1st, 1929, and which he recognised had done much to remove many of the abuses which he had indicated. We also agree with him that the recommendations of the Sub-Committee of the General Purposes Committee of the London Stock Exchange in regard to new issues and official quotations, which were published in our September issue, will effect salutary improvements. The special Sub-Committee stated that for many years the system of underwriting and sub-underwriting has proved perfectly satisfactory. The recent failure of underwriters and of sub-underwriters, although by no means negligible, has been, comparatively, very small, and the Committee has come to the conclusion that it is practically impossible to frame effective and at the same time workable regulations, which would act as an efficient bar

to undesirable underwriting and at the same time leave unfettered that which is beyond reproach. The Committee intimate that they will require in future the inclusion of certain particulars in the advertising of non-prospectus companies in regard to small or unknown underwriting companies, and they further say that it would be desirable if such particulars were also given in the prospectus, and they direct the attention of issuing houses, banks, auditors, and others who allow their names to be given in a prospectus, to this point. We think this recommendation places a greater moral responsibility on everyone associated with a new issue, apart from any question of legal liability.

Mr. Morgan is of opinion that many of the unsatisfactory features which disfigure company practice to-day could and would be effectively dealt with by shareholders themselves if legislation provided them with a fair and proper method of exercising the powers which the law evidently intended that they should possess. In his view an effective remedy would be to provide that a copy of every resolution to be proposed at a company meeting should be sent to every shareholder with such explanations as might be necessary, together with a voting paper on which he could vote either for or against such resolution. An alternative might be, in every case where a poll has to be taken, to send the notice thereof to each shareholder with a voting paper to enable him to record his vote.

In concluding a forcible address, Mr. Morgan rightly said that the restoration of public confidence would alone secure the release of money available for investment for productive purposes. He laid down that the fundamental necessities were decreased taxation and increased trade, but in his opinion there were other factors which played an important part in regaining the confidence of the public, and in this connection he emphasised the further amendment of the Companies Act and a continuation of the tightening up of the rules and procedure of the Stock Exchange. Mr. Morgan did not touch upon some of the difficulties with which directors have to contend. In large companies they do not, very often, know who their shareholders are. Important blocks of shares are registered in the names of nominees, and operations are sometimes carried on unknown to the directors through which the control of a company shifts from one interest to another. In addition to this, subscribers for shares in new companies are often mere speculators who have no intention of retaining a permanent interest in the capital, but are only there for the purpose of unloading their allot-

ments at a premium which cannot be justified by any achievement of the company while slowly emerging from the chrysalis stage. In our opinion nothing is more dangerous to sound conditions than "a boom," either in stocks and shares or in commodities. We have seen both since the War, and now that the inevitable reaction has arrived, accompanied by grave economic disturbances, we shall do well seriously to take into consideration, not only Mr. Morgan's address, but the whole world position of industry and commerce with the view of strengthening and consolidating the position of our country and Empire.

POSITION OF COMPANY DIRECTOR AS AGENT.

By the general principles of common law an agent contracting on behalf of a non-existent principal is personally liable. The principal of *Kelner v. Baxter* (1866) is that where a contract is signed by one who professes to be signing as agent, but who has no principal existing at the time, and the contract would be wholly inoperative unless binding upon the person who signed it, he is personally liable on it, and a stranger cannot by a subsequent ratification relieve him from the liability. The true rule is that persons who contract as agents are personally responsible when there is no other person who is responsible as principal. The ratification must be made by the existing person on whose behalf the contract might have been made at the time. Thus, if A contracts on behalf of the "Blank Co.," the word "Limited" being omitted, A is personally liable. Express statutory provision is made by sect. 93 of the Companies Act, 1929, which provides that every company shall have its name mentioned in legible characters in all bills of exchange, promissory notes, endorsements, cheques, and orders for money or goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts, and letters of credit of the company. By the same section, if a director, manager, officer of a company, or any person on its behalf signs or authorises to be signed on behalf of the company any bill of exchange, promissory note, endorsement, cheque or order for money or goods, wherein its name is not mentioned in manner aforesaid, he will be liable to the holder of the bill of exchange, promissory note, cheque, or order for money or goods, for the amount thereof, unless it is duly paid by the company.

In *Atkins v. Wardle* (1889) it was decided that the directors of a company were personally liable for the amount of a bill of exchange accepted by them as directors because, although the word "Limited" appeared in the bill in one place, the name of the company was not correctly given in either the draft or the acceptance. Where the secretary of a company accepted a bill addressed to the company in which the word "Limited" was omitted, he was held personally liable (*Penrose v. Martyn* (1858)). But where the managing director signed a promissory note in the following form, "Six months after demand I promise to pay to Mrs. C. the sum of £300 for value received, together with 6 per cent. per annum, *J. H. Smethurst's Laundry and Dye Works, Limited, J. H. S., Managing Director,*" the words italicised being stamped by means of a rubber stamp, it was held that the note was the note of the company, and that the managing director was not personally liable (*Chapman v. Smethurst* (1909)).

The general conclusions to be deduced from the Companies Act and leading cases appear to be as follows:—

(1) An agent (*e.g.*, director) purporting to contract on behalf of a non-existent principal (company) is personally liable, and the rule applies to a person purporting to contract as agent on behalf of a limited company whose name is not in fact stated as provided by the Act of 1929.

(2) If the word "Limited" is not stated in certain documents, *e.g.*, bills of exchange, issued by a company, the company does not comply with the Act, and in such circumstances a director is by common law and by statute personally liable.

(3) The fact that the omission was accidental or deliberate, that the plaintiff intended to bind the company alone and not its purported agents personally, does not affect a director's personal liability.

(4) The company is not liable either as principal or by virtue of a purported ratification.

But it appears that a company may become liable, not on the contract but on a substituted contract or novation based on a new agreement between the three parties, *e.g.*, the agent, the principal, and the third party.

Professional Appointment.

Mr. A. H. Edwards, Incorporated Accountant, has been appointed Borough Treasurer of Dorchester in succession to his father, who had held the position for 32 years, in addition to his public practice.

VOLUNTARY INSURANCE EXPLAINED.

[CONTRIBUTED.]

WHILE the provisions relating to compulsory insurance are generally understood, the advantages of voluntary insurance under the provisions of the National Health and Old Age Pensions Acts are less widely known, partly because it is nobody's business to publish them in simple form and partly because the Health Insurance and Old Age Pensions Acts have been so often amended that it is by no means easy to state briefly what the terms and conditions relating to voluntary contributors really are. There are probably thousands—possibly hundreds of thousands—of persons eligible for voluntary insurance under these Acts who are not aware of the fact and are lacking in the necessary knowledge of how to proceed. This applies to persons becoming self-employed or as managers, heads of departments, or falling within any one of the "excepted" employments. In practice the excepted employments comprise those with increased salaries, alteration of calling and such like, which has taken the person out of compulsory insurance.

It should be noted at the outset that a "voluntary contributor" cannot subscribe for Health or Pensions alone, he must enter insurance for both Health Insurance and also under the Pensions Act, paying the combined contributions of employer and employee for both insurances. Thus a man pays 1s. 6d. weekly and a woman 1s. 1d. weekly. Contributions cease at 65, and a married woman cannot enter voluntary insurance. Persons in receipt of War service pensions can have voluntary contributions paid by the Ministry of Pensions and deducted from the pensions if proper arrangements are made. If a voluntary contributor's income from all sources exceeds £250 a year medical benefit is not provided. In such cases contributions become 1s. 3d. for men and 10d. for women. This rate should not be paid, however, unless the Approved Society notifies the person concerned.

Health Insurance is largely administered by Approved Societies (*e.g.*, Friendly Societies and some Assurance Companies), and usually the administration is so economical that the societies are in a good financial position and at the periodical Government valuations have what is styled a "disposable surplus" which can be distributed to the members in the shape of various additional benefits supplementary to the statutory benefits, such as cash, sickness and disablement, medical and maternity benefits. These additional benefits are selective from a list of seventeen provided for in the 1928 Health Insurance Act. The ones chiefly selected by most societies are increased cash benefits, optical treatment and the supplying of glasses, dental treatment and artificial teeth—all useful benefits.

To be accepted as a voluntary contributor a person must first have been an employed contributor and insured for a period of 104 weeks or upwards since

last entry into insurance, and, on ceasing to be in compulsory insurance, make application to continue as a voluntary contributor within a prescribed period, which depends on each individual case. This period usually works out on average at 21 months from the time of ceasing compulsory insurance. In certain cases persons in some grades of "excepted" employment and persons in possession of "exempt" certificates (e.g., persons who have only had employer's share of contributions paid) may count such periods in reckoning the qualifying 104 contributions.

If an uninsured man marries an insured woman who has paid 104 weeks' contributions under the Pensions Acts he is allowed to become a "voluntary contributor." But it should be noted that as the Pensions Acts did not come into force until January 4th, 1926, the necessary contributions could not have been paid before December 26th, 1927; therefore the right to voluntary insurance could not arise unless the marriage took place after the latter date. In these cases application must be made within twelve months of the marriage.

Applicants remain in voluntary insurance in the same Approved Society as when an employed contributor. Alternatively, there is the Deposit Contributors' section through the Post Office, but under this benefits can only be drawn up to the amount of contributions paid in. There is a fund in connection with this, however, introduced under the provisions of the 1928 Act, where a person receives the statutory benefits as in a society, if a society will not admit the applicant to membership on account of illness or the like.

When the principal Pensions Act of 1925 came into force on January 4th, 1926, any person who had previously been insured for 104 weeks could apply for admission as a voluntary contributor provided application was made within a given time. The Widows', Orphans, and Old Age (Contributory) Pensions Act, 1929, now gives certain privileges to certain classes who did not apply for admission into voluntary insurance because at the time they were insurably employed, but subsequently went out of such employment. A person who ceased to be insurably employed before January 2nd, 1927, but had not then been insured long enough to get in the necessary 104 weeks, is now given a chance to qualify as a voluntary contributor.

The conditions to be fulfilled are:—

(1) He must prove that at some time between July 15th, 1912, and January 4th, 1926, he had been continuously insured, whether as an employed contributor or as a voluntary contributor (or partly the one and partly the other) for a period of 104 weeks and had 104 contributions paid by or in respect of him. Under this provision service during the late war in H.M. Forces counts if the person was entitled to be insured whilst so serving.

(2) His insurance as in (1) must have lapsed before January 4th, 1926.

(3) He must have re-entered insurance as an employed contributor before January 4th, 1926, and have been still an insured person on that date.

If such a person as explained could not qualify under the old Acts, fulfilment of these conditions now will allow entry as a voluntary contributor provided he applies to an Approved Society or the appropriate Insurance Department, on or before December 31st, 1930.

A special form of application is required for this purpose and may be obtained from Approved Societies or the Ministry of Health Insurance Department.

There are some points in relation to these insurances which should be borne in mind. Voluntary contributors must pay or be deemed to have paid (sickness periods counting) 45 contributions each year or lose the right to voluntary insurance. For men at 60 and women at 55 with ten years' continuous insurance the number is only 26. It is allowable, however, during the period of grace to November 30th each year to make up to the proper number (or to 50, which carries full cash benefits) any arrears below 45 and 26 as the case may be, incurred during the contribution year ending the previous June or July. On ceasing to pay contributions voluntary insurance continues for a period on an average of 21 months from the date of so ceasing, but Health Insurance cash benefits are decided according to arrears regulations. Some other benefits would remain, but as stated above, if 45 or 26 contributions are not paid by November 30th a person loses his right to pay voluntary contributions.

It may be of interest to mention that to become fully insured for Health Insurance sickness benefits 104 contributions must be paid from last entry into insurance, and this applies to an employed contributor as well as to a voluntary contributor. If any unemployed weeks or sickness weeks occur during this probationary period, even with no benefit, it is allowable for an employed contributor himself to add stamps for these weeks in order to qualify earlier. This applies also in the case of a person wishing to qualify as a voluntary contributor as regards unemployed and sickness weeks during qualifying periods.

Widows' pensions are paid on proving that 104 weeks have elapsed and 104 contributions have been paid prior to date of death. Where four years or more have elapsed an average of 26 contributions per annum must have been credited in the last three contribution years. For this purpose sickness periods count the same as actual payments. This condition should be easily fulfilled by voluntary contributors in complying with the yearly number necessary to be paid to keep in insurance.

Old Age Pensions are payable to an insured man at 65, and to his wife also at the same age, provided that the man must reach 65 first. The conditions to be fulfilled are:—

(1) Five years' continuous insurance from last entry into insurance. If the five years insurance period is not completed on attaining the age of 65, then the pension is paid on completion of the five years.

(2) Actual payment of 104 contributions since last entry into insurance.

(3) Proof of an average of 39 contributions per annum credited in the last three contribution years of the five years referred to in (1) above, sickness periods counting.

Ordinarily the 104 actual payments under (2) above would automatically be made, and the condition thus fulfilled, by a person continuing as a voluntary contributor under the main provisions. Under the new provisions this must be proved by the new classes from last entry into insurance as voluntary contributors. The three years average test does not apply to persons attaining the age of 60 who have been insured for ten years.

As contributions cease at 65, it should be particularly noted that for Old Age Pensions it is possible that if the last entry into insurance by a voluntary contributor does not take place until he is over 61 years of age, he may not be able to qualify for Old Age Pension, although he would be eligible for other benefits of the combined scheme. He may not be able to fulfil condition (3)—the three years' average test. It should be noted that this does not mean thirty-nine in each year, but, as the condition implies, an average of thirty-nine over the three years.

In writing this article an endeavour has been made to give an explanation of the salient points of voluntary insurance, and to state the classes of persons eligible for admission as voluntary contributors, but in all probability these classes will in course of time be extended and a wider scheme formulated.

WRONGFUL USE OF ACCOUNTANCY DESIGNATION.

In the Vacation Court on September 17th, before Mr. Justice Bennett, counsel on behalf of the plaintiffs in the action *The Institute of Chartered Accountants of England and Wales v. Lynas*, moved to restrain the defendant, not being a member of the plaintiff Institution or of the corresponding institutions of Scotland or Ireland, from describing himself as a Chartered Accountant or from representing himself to be a member of such Institution, and from acting in breach of an undertaking given by him to the plaintiffs on November 9th, 1929.

The defendant appeared in person, and counsel said he understood he was willing to submit to a perpetual injunction.

His Lordship (to defendant): You have heard what counsel has said. Are you willing to submit to this perpetual injunction?

Mr. Lynas: Yes, my lord.

His Lordship: And pay the costs of the action?

Mr. Lynas: Yes.

On defendant giving an undertaking to submit to a perpetual injunction not to describe himself as a Chartered Accountant or represent himself as a member of the plaintiff organisation, the motion was treated as the trial of the action, Mr. Lynas agreeing to pay the costs.

Incorporated Accountants and Estate Duty Office

A member has raised the question of letters from Incorporated Accountants who are dealing with estates of deceased clients, addressed to the Estate Duty Office. A complaint has been made that replies have been addressed to the accountable persons and not to accountants. The Assistant Parliamentary Secretary has been in communication with the Estate Duty Office, and he is informed by the Assistant Controller that it is the practice of the Estate Duty Office to communicate direct with the accountable persons unless they have directed such communications to be sent to their agents. But where the accountable persons appoint accountants to deal with the death duty accounts, and direct the office to communicate with the accountants, the official communications are addressed to the accountants and not to the clients.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following additions to, and promotions in, the Membership of the Society have been completed since our last issue:—

ASSOCIATE TO FELLOW.

BUTLER, FREDERICK GEORGE, Chesham House, Deptford Broadway, London, S.E.8, Practising Accountant.

ASSOCIATES.

BAILEY, MAURICE, Clerk to Jacques & Stirk, 9, Henry Street, Keighley.

CARDWELL, PERCY, Clerk to Poppleton, Applby and Turner, 155, Norfolk Street, Sheffield.

ELSDEN, JOHN JAMES, Clerk to Hodgson, Harris & Co., 135, Fenchurch Street, London, E.C.3.

EVANS, HORACE LYNN, Clerk to D. Cavill Evans, 44, Gresham Street, London, E.C.2.

GARDNER, ARTHUR HENRY, City Accountant's Department, 43, Northgate Street, Chester.

HENSHALL, JAMES (Warmsley, Henshall & Co.), 29, Eastgate Row North, Chester, Practising Accountant.

HOPTON, STANLEY HAYWARD, Clerk to E. G. White, Bank Chambers, Llanmas Street, Carmarthen.

JARMAN, ALBERT HENRY, County Treasurer's Department, Somerset County Council, Boulevard, Weston-super-Mare.

JONES, ARTHUR JEREMY, Clerk to Carpenter, Arnold and Turner, Midland Bank Chambers, North Street, Brighton.

JONES, GEORGE CLIFFORD, Clerk to Davis & Benjafield, 30, Chamberlain Street, Wells, Somerset.

MCGREGOR, ERIC HUTCHINSON, Clerk to S. Hern & Crabtree, 93, St. Mary Street, Cardiff.

NEWELL, ERNEST, Clerk to F. W. T. Mills, Stanhope House, Park Lane, London, W.1.

PHILLIPS, LEONARD HORACE, Clerk to Alban & Lamb, 11, Pembroke Terrace, Cardiff.

STRETTON, GEOFFREY SYDNEY ARTHUR, Clerk to Thomas May & Co., Allen House, Newarke Street, Leicester.

THOMAS, WILLIAM ALBERT, Clerk to Thompson & Wood, 22, Broad Street, Hereford.

The Society of Incorporated Accountants and Auditors.

CONFERENCE AT SHEFFIELD.

SHEFFIELD gave a sunny welcome to the Incorporated Accountants' Conference held in that City on September 24th, 25th, 26th and 27th, and success marked the whole of the social and business proceedings.

The visit was at the invitation of the President and Committee of the Sheffield and District Society, and the pleasurable programme planned by them opened with a Reception and Dance at the Royal Victoria Hotel on Wednesday evening, September 24th, members and guests being received by the President of the Sheffield and District Society (Mr. Percy Toothill) and Mrs. Toothill.

Welcome by Lord Mayor.

By kind permission of the Lord Mayor of Sheffield (Alderman C. W. Beardsley, J.P.), who formally opened the Conference, the first business session on Thursday morning, September 25th, was held in the Council Chamber at the Town Hall.

Before the President, Mr. Henry Morgan, delivered his Presidential Address, the LORD MAYOR, who was received with applause, said he was delighted to give the Society an official welcome to the City. The Society was rather fortunate, because it was the first time in the ten and a half months he had been the Chief Citizen of Sheffield for that Council Chamber to be used for a Conference of any body outside the civic life of Sheffield. When he learned that it was twenty-five years since the Society previously visited the City, he felt that he must do something to ensure that twenty-five years should not pass before such an important body came again. So he readily placed that historic Council Chamber at the Society's disposal. Before long, the Lord Mayor observed, Sheffield would be able to house comfortably conferences of all kinds. The Corporation was spending something like £500,000 on a new City Hall. That Conference of Incorporated Accountants was of very great importance. He realised how vital figures were, and only the previous night he had had special reason to appreciate that, when, in that Town Hall, he entertained a few of his friends. Invitations had been sent to 800 guests, and there were nearly 1,100 present. (Laughter.) The Society, which that Conference represented, embraced a membership of 5,400 Incorporated Accountants at home and in the Dominions—men vested with responsibility involving the possession of high skill and knowledge. He knew that in Sheffield auditors and accountants generally were held in high esteem by the community. It was a pleasure to him as Lord Mayor to observe to what extent their profession provided the towns, cities and municipalities of this country with civic representatives. He particularly welcomed in that Conference his brother Lord Mayor of Norwich, and was glad to know they had also with them an ex-Mayor of Wallasey, an Alderman of the Bedfordshire County Council, a Common Councillor of the City of London, and many other members of municipalities. There were also many members of the Conference holding high professional appointments with corporations.

The PRESIDENT (Mr. Henry Morgan) moved a cordial vote of thanks to the Lord Mayor for formally opening the Conference and giving the members hearty welcome. Few of those who took part in the Conference last held in Sheffield, twenty-five years ago, said the President,

could have foreseen the remarkable progress in civic activity in that city. In the realm of industry it was never too late to recall the patriotic services which Sheffield industries rendered at the time of England's greatest need. The problems of those anxious days had given place to others, but he was confident that the same fine qualities with which they met the great crisis would solve the peculiar difficulties with which Sheffield industry was faced to-day. In the profession of Incorporated Accountants and Auditors, no less than in the sphere of civic government, the past twenty-five years had witnessed remarkable change and progress. They were now meeting to discuss their problems and to review more particularly the public aspects of the practice of the accountancy profession. They appreciated the unique privilege of using that beautiful and historic Council Chamber, which added very greatly to their convenience and to the dignity of their proceedings.

The VICE-PRESIDENT (Mr. E. Cassleton Elliott) seconded the vote, which was carried with acclamation.

PRESIDENTIAL ADDRESS.

Mr. HENRY MORGAN (the President of the Society) then took the chair and delivered his Presidential Address as follows:—

Ladies and gentlemen; I wish to express the pleasure of the Society in that our Conference this year is being held at Sheffield, and our appreciation of the invitation extended to us by the Sheffield District Society of Incorporated Accountants. It is a valuable feature of the Society's work that members from all parts are afforded opportunities from time to time of meeting their professional brethren in other centres.

SHEFFIELD INDUSTRIES.

In Sheffield we find ourselves in the midst of a city whose main industries are devoted to world-renowned manufactures, and we are afforded an opportunity, particularly valuable to those who come from the South, of appreciating the extent and importance of the great industrial areas in the North. These industries largely owe their tremendous development to the application of scientific research to manufacture, in which Sheffield has been fortunate in the constant assistance received from the Applied Science Department of her University. It is interesting to recall that Sheffield University was founded over 50 years ago by Mark Firth, whose name is famous in the history of steel manufacture. By the kind invitation of the Vice-Chancellor, members will have the opportunity of visiting the University to-morrow afternoon to witness certain experimental technical work. In other directions we shall see how science is brought to the service of manufacture and the manner in which art, taste, and design are applied in the production of cutlery and silver plate, the quality of which remains unsurpassed.

In spite of the difficulties brought about by depressed trade and unemployment, it is interesting to record that the total production of steel in 1929 was approximately 9,655,000 tons, only some 60,000 tons less than the output in the record year of 1917. Unfortunately the prices realised, the cost of manufacture and other causes have not enabled this great basic industry to reap the reward which is its due. Steps are now being taken to strengthen the competitive power of the industry. In regard to the cutlery trade, we regret the absence of the Master Cutler, but we congratulate him on the mission upon which he and his colleagues are engaged in South America. I trust that their efforts and the other steps which are being taken will lead to an early improvement in the steel industry, the future prosperity of which has the best wishes of us all.

INCORPORATED ACCOUNTANTS' PROGRESS.

Since 1905, when the Society of Incorporated Accountants last visited Sheffield, its membership has steadily increased from 2,100 to 5,400 in spite of a standard of professional training and examination which has been constantly raised. This figure, which gains from not being spectacular, represents an augmentation of power and influence in the accountancy profession, and is an indication of the vitality of the Society.

During the past year I have had the privilege of visiting several of the District Societies, the importance of whose work cannot be over-estimated. They are the arteries on which the whole organism depends for its growth and vigour. In an attempt to facilitate their organisation and administration model rules have been drafted, and it is anticipated that these will shortly be adopted by the District Societies, at whose suggestion the Council has provided by bye-law that all students should become members of a Students' Society or Students' Section of a Branch or District Society. The purpose of this is to seek the co-operation of candidates in their cultural and professional education, and to engage their interest from the outset in the organisation and work of the Society.

The Society's Branches in the Dominions have devoted themselves to the interests of Incorporated Accountants in their respective spheres. It is a pleasing feature of our overseas relations that we constantly receive in London visits from our members in the Dominions and from members of other bodies. This year we have entertained members and friends from Canada, South Africa, and the United States of America.

The whole of the Society's activities are focussed in Incorporated Accountants' Hall, which after eighteen months' possession has proved most convenient for the work of the Society both in regard to its position and the facilities which it affords. The architectural and artistic beauties of the building have been admired by visitors from all parts of the world, and by some 2,000 members of numerous learned societies who have attended the lectures of the Parliamentary Secretary on the history and architecture of the Hall.

REGISTRATION OF ACCOUNTANTS.

In the autumn of 1929 a deputation from the Institute of Chartered Accountants, the Scottish Chartered Accountants and the Society of Incorporated Accountants and Auditors waited upon the President of the Board of Trade and requested that a Departmental Committee should be set up to consider whether or not accountants should be registered by law. The Committee was appointed accordingly and heard a large number of witnesses and issued their Report last August, their unanimous recommendation being against the Registration of Accountants. This finding was a matter of regret to the Council of the Society, which had submitted to the Committee with conviction evidence in support of compulsory registration of accountants in public practice. The Society has always advocated Registration, which it believes would be in the best interests of the general and commercial public.

Only eight Chambers of Commerce declared themselves against Registration, and amongst the 28 in favour of our policy I was pleased to notice the name of the Sheffield Chamber of Commerce. In its progressive attitude the Sheffield Chamber finds itself associated with other great cities of the North, since the Chambers of Commerce of Liverpool, Manchester, Bradford, Halifax, Birkenhead, Newcastle-on-Tyne, and Sunderland all supported the Registration of Accountants as being in the best interests of trade and commerce. The Departmental Committee stated that if the practical difficulties in the way of setting up a compulsory register could be overcome, it would be essential that the standard set for subsequent admission to the register should be a very high one. The Society of Incorporated Accountants cordially endorses that view. It is in harmony with its evidence and the policy constantly pursued by the Society, which will continue to maintain and enhance that high standard of professional ability and integrity which the designation "Incorporated Accountant" connotes to the public.

The work of the Departmental Committee, however, has been of value to the profession since it has helped to clarify the position as to the Registration of Accountants which has agitated the profession for nearly 40 years. Further, there is now on record in the published Evidence and the admirably drafted Report of the Committee a large number of relevant facts concerning the accountancy profession which can but be of value to all those interested in our work.

It is fitting, therefore, that I should express to Lord Goschen, the Chairman, his colleagues and the Secretary of the Departmental Committee our thanks for their patient and exhaustive inquiry, and our appreciation to the Registration Committee of our Council for their valuable assistance in the preparation of the evidence submitted.

I also desire to express to the officers of the Society our appreciation, not only of the valuable services rendered by them in connection with the Registration Committee, but also for the manner in which they

have so efficiently performed their heavy and, at times, difficult work during the past year.

OVER-PRODUCTION.

Conditions at the present time are extraordinary. We are living in a world of excessive plenty. There is a superfluity of the necessities and extravagances of life and of the raw materials required for the needs, the comfort, and the luxuries of mankind. Amongst other commodities there is an enormous surplus of wheat, cotton, wool, rubber, tin, and copper, and it may safely be said that production is too far in advance of consumption. The ingenuity of man would appear to have harnessed the forces of nature too rapidly for our political, economic, and social development, and assimilation. As a result there has not been a time for generations past, except during the War, when business and commerce have been beset with such appalling difficulties and such a black outlook. These conditions prevail throughout the world, although they are greatly accentuated in our own country.

The returns of our foreign trade show disquieting decreases chiefly in exports of manufactured goods upon which our commercial prosperity so largely depends. Railway traffics, a fairly accurate index of the course of business, likewise show a downward trend. Many factories, engineering works, and shipbuilding yards are being closed down, whilst others are working at far less than their normal capacity.

Accuse me of pessimism if you like, but I consider no good purpose can be served by disregarding the fact that our present position is a very grave one and that a solution must be found at once if we are to survive as a great Commercial Nation. Unemployment continues to increase to an unprecedented extent, and the cost of maintaining the unemployed has already risen to something near £100,000,000 yearly. Although other countries are suffering severely from unemployment, the cost of relief is not on anything like the extravagant and demoralising scale that it is in this country. The approach of winter, which will not diminish the number of those without work, creates an issue of outstanding importance in business and political circles. It is probably not too much to say that the manner of the solution of this problem will shape the destiny of the country for some generations to come.

INCREASED TAXATION IN PROSPECT.

Taxation is far heavier in the United Kingdom than it is in any of the countries with which we are in industrial competition. The amount per head of the population is double what it is in Germany and nearly three times as great as it is in the United States of America. The fear of an increase in National Expenditure is coupled this year with a well-founded expectation of a substantial drop in Revenue. As Incorporated Accountants must be well aware, the profits of businesses assessed under Schedule D will show a great falling off, and the disadvantage from the Revenue point of view of

the changed basis of assessment from the average of the three previous years to the actual profits of the preceding year will be severely felt. The inevitable consequence of these considerations must be an increase in the rates of Income Tax and Super-Tax next year, if it is desired to raise from these sources an amount equal to the estimated yield for this year, without taking into account the deficit which is certain.

In this connection I would point out that if there is a decrease in the aggregate gross assessments, it does not mean that there will be merely a corresponding drop in the yield from income and sur tax. For the sake of example, suppose there were a decrease of 5 per cent. in the aggregate gross assessments, it would require a much larger increase, probably as much as 10 per cent., in the rates of tax in order to produce an equivalent yield of revenue. The reason is, of course, that in the case of income tax, abatements and other reliefs account for a large proportion of the gross assessments, and upon this no tax, or only a reduced rate of tax, is levied, and in the case of sur tax the liability only arises in respect of incomes of above £2,000, and then is sharply graduated.

In times of acute trade depression finance is necessary to enable businesses to carry on until more favourable conditions prevail. Capital is required for reorganisation of important industries, the development of new productive enterprises, the building of more modern factories, and the installation of improved plant and machinery. Banks cannot be expected to lend money for the purpose of acquiring capital assets, and it is chiefly to the investing public that we must look for this purpose. In 1928 and 1929 huge amounts were subscribed by the public for the large number of public companies which were floated. Prices of shares on the Stock Exchange advanced to very high levels. Investors, often having in mind the possibility of securing a profit not subject to income tax, were eager to acquire shares in public companies of almost any description. Speculation was rife until the slump commenced little more than a year ago, and a very different state of affairs exists to-day. Whilst shares in industrial companies have declined to a considerable extent and for the greater part are realisable only at heavy loss, the quotations of Government stocks and gilt-edged securities have recently made substantial advances. This, together with the fact that large amounts have been placed with banks, building societies and the like indicates a marked, but not surprising, loss of confidence by the investing public in industrial companies generally.

DISASTROUS FLOTATIONS IN 1928.

An examination of the records of the new companies formed during the recent boom is very illuminating. Indeed, I must confess that when commencing my investigation to arrive at the figures which I am about to give, I did not anticipate that they would so completely illustrate the enormous extent to which the investing public has been exploited during the last few years. Taking the last six months of the

year 1928, I find that the prospectuses of 58 companies formed for the purpose of establishing new businesses or developing new inventions or processes, were advertised in *The Times*. Their issued capital amounted to £15,117,000 and the estimated profits of 52 of the companies totalled £5,219,000. The prospectuses of the remaining six predicted substantial profits, but modestly refrained from stating any amounts. According to the latest information I have been able to obtain concerning these 52 companies, 16 have not yet published their first accounts and 14 of these are in liquidation. Of the remaining 36 companies only 5 earned profits which totalled less than £48,000 as compared with the prospectus estimates of over £214,000. The remaining 31 companies whose accounts are available suffered losses aggregating £690,000 as compared with prospectus profits estimated at £3,178,000. Of the whole 58 companies only one has paid a dividend, and 27 are already in liquidation, 14 under compulsory orders, in which connection the scathing comments of the Official Receiver are not without interest. Further, it would appear that at least 16 of the remaining companies are in serious difficulties owing to losses from divers causes and, in nine cases, from the defaults of underwriters.

It is difficult to arrive at any definite estimate of the present value of the shares of these 58 companies. There is little likelihood of more than nominal amounts being returned to the shareholders of those companies in liquidation, whilst the shares of such remaining companies as are no longer quoted on the Stock Exchange are of negligible value. The value of the shares of companies still quoted is less than £750,000 at the present market valuation, which in many cases is purely nominal. On this basis it would appear that some 95 per cent. of the capital of these 58 companies has been lost, although this does not represent the total loss since the shares in many of the companies were purchased by the public at substantial premiums.

THE NEW COMPANIES ACT.

The provisions of the new Companies Act have done much to remove the abuses which I have indicated. The sections relating to accounts have already had a salutary effect, whilst the Board of Trade has not hesitated to take proceedings against companies which have failed to comply with the Act. In addition we have perused with interest the recommendations of the General Purposes Committee of the London Stock Exchange in regard to new issues and Official Quotations, and the suggestion that reports by auditors should be filed for various purposes. Such co-operation between the Stock Exchange and the accountancy profession is all to the good, but in my view these improvements do not exhaust the possibilities of what might be done. If the Companies Committee of 1926 had had before them the experience of the short-lived flotations of 1928 and 1929, I think their recommendations would have been more drastic, and a more stringent Companies Bill would have resulted.

INEFFECTIVE RIGHTS OF SHAREHOLDERS.

Many of the unsatisfactory features which disfigure company practice to-day could and would be effectively dealt with by shareholders themselves if legislation provided them with a fair and proper method of exercising the powers which the law evidently intends that they should possess. Complaint is made, and not without reason, that shareholders do not take sufficient interest in the affairs of companies in which they have placed their money, but when we consider how little influence the shareholder has in practice, what little part he has in the appointment of directors or the approval of schemes of reorganisation, it is hardly surprising that shareholders display such apathy. In those cases where shareholders have attempted to make themselves felt, where things have not gone well, their task has been difficult, arduous and thankless. Attendances at general meetings, and general proxies, which in practice are almost invariably useless except to the directors, are of little value to shareholders, all of whom cannot possibly attend annual meetings, and it would be impossible to accommodate them if they did. An effective remedy would be to provide that a copy of every resolution to be proposed at a company meeting should be sent to every shareholder with such explanations as may be necessary and a voting paper on which he can vote either for or against such resolution.

An alternative might be, in every case where a poll has to be taken, to send the notice thereof to each shareholder, with a voting paper to enable him to record his vote.

In this connection I would refer you to the leading article in the *Accountant* of Saturday last upon the "Abuse of Proxies," which gives a typical instance of the unfairness of the existing proxy system.

RESTORING PUBLIC CONFIDENCE.

During the past twelve months much money has accumulated and is available for investment in commercial enterprises. The restoration of public confidence alone will secure the release of such wealth for productive purposes. The fundamental necessities are decreased Taxation and increased Trade, but there are other factors which play an important part in regaining the confidence of the public. In addition to the further amendment of the Companies Act, to which I have referred, and a continuation of the "tightening up" of the Rules and Procedure of the Stock Exchange, it is desirable to limit the underwriting of public issues to those able in fact to meet any loss which might be involved. No further commitments for Social Services and Public Assistance should be incurred, and in particular the Unemployment Insurance Scheme should be made to conform actuarially and financially to the principles of insurance, and so avoid increasing the debt of the Fund at the rate of £2,000,000 a month.

All of this would contribute towards much more satisfactory conditions. but if, as is unlikely in an imperfect world, it could be accompanied by reasonable stability in our fiscal policy and the economic unity of our Empire, I believe that we should enter

upon a period of commercial prosperity the like of which we have not experienced since those golden days of the last century when our leadership rendered comparatively insignificant the industrial and financial activities of other countries.

Discussion on Presidential Address.

THE LORD MAYOR OF NORWICH (Councillor Harper Smith) congratulating the President on his Address, took occasion first to express appreciation of the excellent send-off given to the Conference at the social function the previous evening, and to thank the Sheffield and District Society for their hospitality and the exceptionally fine programme prepared for the pleasure of those attending the Conference. He had been glad to observe that Sheffield could produce so many good-looking fellows who followed accountancy. Referring to the President's remarks as to the standard of professional training and examination which had been constantly raised, he said he was told that their examination papers were more difficult than those set by the Institute of Chartered Accountants. He had a sneaking hope that that was so. They must aim at as high a standard as possible, because membership of their Society meant the hall-mark of professional ability, and, what was more important, integrity. On behalf of the country members, he congratulated the Council on their bold venture in procuring the new Hall on the Victoria Embankment. It was a beautiful building and worthy of their Society. Pointing out that he came from an agricultural county, Councillor Harper Smith said that he was very anxious about the future. The outlook was bad; it was true that the number of arrangements and bankruptcies among farmers was small, but he was afraid the crop of 1931 would thresh out heavier than the price of corn or potatoes. The only paying crop at the moment was sugar-beet, which was bounty fed. As to over-production, the farmers in Norfolk and other agricultural counties were staking their last throw on dairying. Were less tinned milk (so-called) admitted into this country, our farmers might have a chance. We were practically denuded of sheep and cattle. They did not pay. Time was when thousands of sheep could be seen on Norwich cattle market on what was called Tombland Fair Day. For the past few years there had been but a sprinkling of animals. Farmers had during the past decade tried fruit, but 1930 had been simply disastrous. The last two paragraphs of the President's Address contained what most thinking men would like to express. No one could deny that the two factors required for a return to prosperity were decreased taxation and increased trade. As a public man, Councillor Harper Smith said he urged more members to give some of their time to public work. It was often heart-breaking work, but there was a great satisfaction to one's conscience in endeavouring to help the city or town in which one lived. What better man than an accountant to be a councillor! Who so well able to criticise the financial aspect of certain matters, and who more able to expound, without too much verbiage, the intricacies that arose daily in municipal life! He wanted to see more accountants on municipal bodies.

Sir WILLIAM HART, Town Clerk of Sheffield, said he was glad to know that their Society was extending in its membership and in its efficiency and influence. He had a very strong confidence in the usefulness of an association such as theirs, and in the past two or three years had been associated with some friends in establishing a society of a very inoffensive and modest body of men—the Town Clerks of this country. By seeking through such associations to give more effective service to the community

they were going to help on the good work of this country. They would have been glad if it had been possible for the President to strike a more cheerful tone. He had expressed in terse and fitting language the feeling of very great concern which all who studied the affairs of this country had at the present time. It had been necessary ever since the Companies Act of 1862 was passed to endeavour to stop infractions of the spirit of the law, and there had been since 1862 a constant increase in the powers of the community as against those who misused that very valuable power which they had of establishing and carrying on companies. It might be even that the Companies Act that had just been passed was lacking in the efficiency of the safeguards it gave. The figures which the President had given as to the losses of money by the flotation of unsound companies in the last year or two certainly gave them cause for great concern. On the other hand, they might, he thought, over-stress the limitations and the conditions under which those businesses were allowed to be floated and carried on. It was very important that money should be available for sound investments and that such industries should not be too much hampered in their flotation and in their management by governmental or departmental restrictions. How to find the *via media* was of very great concern to those who studied those questions. There must be a reasonable latitude. Regarding the large expenditure on social services, Sir William said there was a Cabinet Committee considering the unification and possible simplification of those services and their administration, but he suggested they had come to stay. Under the Housing Act passed this year, a five years' programme had to be submitted by the local authorities through the Government before the end of this year, and the whole intention of that Act was to enforce a speeding up of the building of houses, particularly for those people transferred from slum areas. It was possible, he supposed, to pass a law to say that that Act of Parliament should be abrogated and that no more money should be spent for the next five years on any social services. He would doubt the wisdom of imposing such a restriction in all its narrowness. He was not sure that they would not be under difficult conditions if there were to be an abrupt cessation of expenditure on those social services. The situation was undoubtedly very difficult, and there was need for economy and restriction of expenditure, but he thought it would be difficult to say that there should be no further commitments in regard to some of those services.

Alderman THOMAS KEENS, immediate Past President of the Society, paying a tribute to the industry and commerce of Sheffield with its watch-word of "Quality," said the whole industry of this country owed a great debt of gratitude to the Master Cutler and the President of the Sheffield Chamber of Commerce for the manifesto which they issued a short time ago. There was in the boldness with which this country faced the facts of unemployment and such problems a danger of getting into a spirit of defeatism and of letting it go forth to the world that our industries were down and out. Notwithstanding all difficulties, the production of steel in that, the world's greatest centre, was practically up to the maximum reached in the boom period of the last part of the War, and now Sheffield was going one better by bringing to the notice of possible customers on the other side of the world the excellence of its wares. There could be no question that there was one ultimate test for industry, and that was its efficiency. In the efficiency of its production Sheffield was, and would remain, unsurpassed. Of course, for efficiency they had to pay a price, and it was unfortunate that unemployment had been ministered to

by every improvement in efficiency in manufactures. That employment would come back by the effect of the increased purchasing power of the public both at home and abroad he had no doubt, but at the present time the effect of efficiency undoubtedly meant less rather than more employment. Turning to their own affairs, he said that the District Societies scheme appeared likely to be the success which the Council hoped. It had, at any rate, laid the foundations for continuous expansion, and it should be of enormous value to the Society. He expressed thanks to Mr. Woolley, of Southampton, for the enormous amount of work which he put into the scheme in its early stages. In their new Hall they builded better than they knew. When they went to the States last year they found that the Hall was an introduction and an advertisement for them. People there came up to them and said, with bated breath, "Are you the people that own that palace?" Returning to the subject of unemployment, Mr. Keens urged again that they should endeavour to preserve some sense of proportion and to remember that, in order to get at the true meaning of the unemployment figures, they had to get them analysed. Some portions of those figures were due merely to temporary unemployment, some due to seasonal conditions, and some to admitted changes in industry. He believed that the all-party Committee now considering unemployment insurance and administration would bring in some drastic proposals, but having had the opportunity of discussing with some members of the Committee the lines on which they were moving, he felt certain that there would be little fault to find with the report of the Committee when it was issued. He thought the problem would be faced of separating unemployment which was insurable, from the provision by the State for those industries which were absolutely depressed owing to abnormal world conditions.

Mr. A. B. GRIFFITHS, Borough Treasurer of Sheffield, and Vice-President of the Sheffield and District Society, said the substance of the Presidential Address gave many of them cause for anxiety, and would lead those who had to deal with industrial centres to review the position and see exactly where they stood. If the local authorities of the country were to cut down social services at once they would save quite a lot of money. It might be a good thing. That, of course, was open for discussion. He urged that to clear out slum areas was beneficial to the health of the children and of the community as a whole, and should proceed. During the past ten years about one and a half million houses had been built. Of those, about nine hundred thousand had been built by private enterprise and five hundred and thirty thousand by local authorities. Most towns had very long waiting lists of applicants for houses. The large county boroughs had from ten to twenty thousand applicants, and he suggested that, before that particular service, under which the Government subsidised the building of houses, was stopped, the matter would require consideration.

Mr. H. J. BURGESS (London) said they in the City of London felt that disastrous company flotations were a blot on their reputation for stability and good common sense. He felt that in the future more care would have to be exercised. Many of them had been hit through flowery prospectuses with names attached, and it was time that sort of thing was stopped. His mind went back to the Hatry crisis. It was pitiable to see that man and his colleagues in the Court at the Guildhall day after day under examination and to know the disastrous results which had befallen. As to the prospect of increased taxation, all of them viewed that with alarm. If there was to be more taxation, he foresaw far less business

as a consequence. There came a time when industry could not bear more. Increased taxation meant increased contract prices and fewer contracts. Regarding expenditure on social services, he interpreted the President's desire to be that for a time they should stay their hand. He (Mr. Burgess) agreed that they ought to ascertain what the country could afford before embarking on further commitments.

Mr. C. H. WELLS (immediate Past President of the Sheffield District Society) thanked the President for his good wishes for the future and prosperity of the steel industry. On the prosperity of Sheffield's basic industries of steel and silver depended the commercial and professional life of the city, including that of Incorporated Accountants. The facts quoted by the President regarding the output of Sheffield steel were all the more impressive when it was remembered that the colossal efforts made during the war were artificial and, happily, not likely to be repeated. As was pointed out to him recently by a director of one of the largest steel works in the city, much of the plant and machinery installed at enormous cost for war purposes could not be adapted to other uses without great losses and capital depreciation. They were advised to beat their swords into ploughshares and had tried their best to do so, but the operation of converting a sword factory into a ploughshare plant involved such sacrifices as to destroy dividends. Mr. Wells expressed gratification at the President's personal interest in the District Societies and said that they in Sheffield had already experienced the strengthening effect of the organisation by reason of the bye-laws making membership of a District Society compulsory for all members of the Society. They congratulated the Society on the acquisition of Incorporated Accountants' Hall, in which they had a headquarters of which they might justly be proud. The President, ably setting forth the world conditions which had led to the present difficult commercial situation, had rightly sounded a note of warning regarding future problems. One looked in vain to the widely differing political policies adopted by successive Governments for any promise of immediate or easy solution. Might they not hope from the deliberations of the Imperial Conference that some progress towards this end might be attained? It was obvious that the lack of profits indicated by the President created a vicious circle by reason of the fall in the revenue produced. The increasing taxation which the President predicted, especially of sur tax, would only have the effect of reducing the surplus capital which he had shown to be so necessary to organise and develop industry. The President's remarks regarding the disastrous results of much recent company flotation admirably illustrated the evil of the gambling instinct so prevalent amongst the investing public—a spirit which Mr. Wells suggested it was the duty of Incorporated Accountants to restrain whenever their advice was sought on the subject. New legislation, though valuable, would do comparatively little of itself to prevent that spirit.

Mr. J. H. FREEBOROUGH, J.P. (Sheffield), argued that the President's statement that there was over-production beyond the power of consumption needed qualification. That it was so was due to the fact that so much of the population of the world was too poor to purchase necessities. There was also a slight call for some measure of qualification in the comparison showing that individually we in this country were paying a larger sum for our social and political services than other countries. Was it not also true that we had a larger capacity to pay that increased sum than any other nation in Europe, that while our taxation was so much larger per head the wealth

of the community was equally, if not more so, in excess of that of any other country? There were many issues involved in the question of taxation. There was no country in Europe that gave such exemptions from taxation as did Britain. The present incidence of taxation was fairly just. Where distress came in was when they received the merciless edicts for local rates. The burden of national taxation was serious, but the intolerable burden of soaring local rates was the greatest vice of our present system. Regarding the millions of pounds lost by the flotation of companies that had no substance, Mr. Freeborough said that, as an accountant, he felt some share of that responsibility must be accepted. Those prospectuses carried the names of leading accountants, stockbrokers and bankers, and directors selected from the great trades and professions. Consequently, there was behind those prospectuses a great body of opinion upon which the investing public ought to be able to rely with absolute confidence. How came it that men who understood finance and administration put their names to documents which meant that in the course of sixteen months millions and millions of pounds were lost? It was not a question of ignorance or the folly of the working man, but it was either the folly or bad spirit of those who ought to know better.

Mr. ROBERT BELL (President of the Irish Branch) said he wished on behalf of the Society in Ireland to express to the President and Council deep appreciation for untiring efforts towards the success of the Society in Ireland. The conditions of industry, he continued, most certainly left much to be desired, and they owed the President acknowledgment of his courage in speaking so boldly. He was convinced that their Society, which had increased from 2,100 in 1905 to 5,400, could assist in finding a solution by continuously advising against all forms of waste, by continuing to make clear the sound economic principles on which prosperity was based, and by proclaiming on every possible occasion against speculative get-rich-quick schemes and uneconomic hire-purchase schemes for the acquisition of luxuries.

The PRESIDENT, replying to the discussion, said he was not opposed to social services. This country in times of prosperity could afford and was under an obligation to supply those services, but in deciding upon the moneys to be so devoted regard must be had to the conditions ruling at the time, and this was not a time when this country could afford to be extravagant. Extravagance to-day was the pernicious factor which was contributing very largely to the difficulties in which we found ourselves. Referring to the world changes in industry, he said we could not afford to pay wages materially higher to workpeople who worked shorter hours. What he urged was that there must be sacrifices all round in order to regain prosperity.

On the motion of Mr. A. B. GRIFFITHS, seconded by Mr. LESLIE LEWIS, a cordial vote of thanks was accorded to the President for his address.

This concluded the business of Thursday's Session.

The Conference continued on Friday morning, September 20th, in the Fifth Hall of the University of Sheffield, by kind permission of the Vice-Chancellor of the University.

The PRESIDENT, Mr. Henry Morgan, before calling upon Mr. C. Hewetson Nelson, J.P., F.S.A.A. (Liverpool), Past President of the Society of Incorporated Accountants and Auditors, to read a Paper on "The Service of Accountancy in the Present Age," said that that was the first Conference they had held for a very long time at which they had not had the presence of one of their most valued Past Presidents. Everyone present must have missed

the cheery countenance and genial disposition of Sir Charles Wilson, and it was with very great regret they had heard that morning that the cause of his inability to attend the Conference was a somewhat serious illness. It would be the wish of every one of them that they should send a telegram to Sir Charles, expressing their regret at the cause of his absence, and hoping that he might be speedily restored to health. The following telegram was immediately sent:—

"The President, Council and Members of the Society of Incorporated Accountants and Auditors assembled in Conference at the University of Sheffield greatly regret your absence and are sorry to hear that it is occasioned by illness, from which we wish you an early recovery."

Introducing Mr. Hewetson Nelson, the President paid a tribute to the splendid work which he had done, not only for the Society, but for the profession generally.

A Paper was then read on

THE SERVICE OF ACCOUNTANCY IN THE PRESENT AGE.

BY

MR. C. HEWETSON NELSON, J.P., F.S.A.A.
(LIVERPOOL),

Past President of the Society of Incorporated Accountants and Auditors.

Mr. HEWETSON NELSON said:—

I had the honour in 1929 of submitting (through the good offices of our Vice-President) to the International Congress of Accounting, which met in New York, a paper in which I endeavoured to envisage a wider application of the functions of the profession than those sometimes entertained by older members of the profession, and in the paper which I have been invited to submit to-day I want, in the main, to continue to emphasise the steadily increasing importance of the service which the profession can render in the national interest in the difficult position in which the country is placed to-day.

In the course of re-perusing the proceedings of previous Conferences of our members during the past quarter of a century, so well reported in the columns of the *Incorporated Accountants' Journal*, it is encouraging to observe how consistently the Society has reminded its members of the broader issues involved in their professional career. Thus, in the historic Guildhall of the City of London in 1922, our esteemed colleague Mr. George Stanhope Pitt gave us a paper whose title, "Accountancy as a First Aid to Commercial Recovery," would admittedly be even more appropriate to the conditions of 1930 than to those of 1922. Mr. Pitt's contention that the accountant was *more* than a mere mathematician or man of figures has received striking confirmation in many directions during the years which have elapsed since the London Conference of 1922. A year earlier we had submitted to us, at a Conference in my own city, a never-to-be-forgotten paper on "The Relation of Accountancy to Economics" by our distinguished fellow-member, Sir Josiah Stamp. Sir Josiah Stamp's appeal that the rising generation of accountants should produce 1 per cent. "who

have the real itch for knowledge" has, I believe, been more than met.

Indeed, the introduction (in May, 1920) of Economics as a subject of examination in our syllabus, largely due to the inspiration of Sir Josiah, has had an altogether widening effect upon the minds of our younger members, so that the words of Sir James Martin expressed in 1921 are slowly, perhaps, but surely becoming less true of our members. "It is the fault," wrote Sir James, "undoubtedly, of too many of its members that their horizon is limited by the walls of their own offices, or those of their clients."

I am persuaded that from whatever standpoint we may view the practice of the accountancy profession, our first consideration must be to provide the public with an efficient and reliable accountancy service, related to a code of professional duty and to a high ethical standard. I put this to you not in any spirit of mutual self-esteem; under no other conditions can a profession survive, and as a matter of practical business it is only upon those terms that the public will have confidence in its members. In my treatment of the subject, therefore, I have kept this aspect constantly before me.

My purpose is to portray modern accountancy practice in the light of tendencies and changes which have affected every department of life in this country and elsewhere. I am impressed by the extent to which the cumulative effect of these changes and tendencies has increased our responsibility to the public and extended our sphere of service.

NATIONAL QUESTIONS.

During the last few months our attention has been daily directed to the depressing facts relating to trade and commerce and the alarming growth in unemployment.

The Bankers, the Association of British Chambers of Commerce, the Federation of British Industries, and other representative bodies have expressed views upon the economic crisis, and, although the cures suggested are too many and too various to receive attention in this paper, there are two points, common to practically all suggested remedies, which we may perhaps consider, viz:—

- (a) High National and Local Expenditure in relation to National Economy.
- (b) Rationalisation in relation to Costs of Production.

NATIONAL AND LOCAL EXPENDITURE.

It is of importance to note the "make-up" of the gigantic increase of 675 millions in our national expenditure since 1913-14 (from 195 to 870 millions sterling). Apart from the increases in National Debt Services (£276 millions), Army, &c. (£41 millions), Pensions (£51 millions), giving us a total of £368 millions out of the total of £675 millions, we have left the following increases of major importance concerning which no effective attempt at reduction

by any Government seems to have been made during the period under review:—

	Increase (in millions).
Education	£43½
Health, Labour and Insurance ..	86
Police	10
Contribution to Local Rates ..	50

These items account for roughly two-thirds of the increases, apart from debt services, the Army and Navy, and National Pensions. It is still more alarming to observe that the expenditure for the present fiscal year is approximately 50 millions above the average of the preceding five years.

Put in a simpler form, the increased expenditure per head of the population has increased in the period under review by approximately £15, an increase of about 4½ times that of 1913-14.

With respect to the increased income necessary to meet this enormous extra outgo, nearly two-thirds has been derived from Income Tax, &c., and Customs and Excise. The increase in Income Tax and Sur Tax amounts to £5 9s. 1d. per head of population.

I have not allowed for change in the value of the currency as it affects both sides of the account alike.

When we turn from National to Local expenditure very much the same picture is presented, the total expenditure (in the figures available) being up by 350 millions, as follows:—

Service Expenditure ..	£214 millions increase.
Loan Charges	40 " "
Loans	96 " "

This has involved an additional call upon the rate-payers of the country of £95,000,000, and led to an increased demand per head of the population of £2 5s. 4d. (from £1 18s. 11d. to £4 4s. 3d.).

In the light of these startling and unprecedented figures, I beg leave to submit that as no class of citizens in the whole country can so readily appreciate the full significance of their paralysing influence upon the trade and commerce of the country, or their deterrent influence upon the savings of the nation, we should, at all times and in all places, sound, as far as lies in our power, an awakening note of the danger which threatens the nation.

We have been called "the watch dogs of commerce," but surely the time has come when we must greatly extend our interpretation of that phrase in order that all influences which affect commerce, such, for instance, as the fact, stated in *The Times* of July 4th last, that 65 per cent. of the tax revenue comes largely from industrial profits, may not be overlooked.

One of the supreme difficulties of the hour is that new standards of living, created in the boom period, are still tenaciously clung to by our people, and are largely ministered to by instalment buying, especially of luxury articles and non-essentials.

Although many advocates have been found to defend what they have described as "consumers'

credit," it is to be hoped that the recent experiences of America will not be without salutary warning to other countries.

RATIONALISATION IN RELATION TO TRADE AND COMMERCE.

In continuing our review of the present position, we should not overlook the fact of the

- (a) *Decline of our external trade* (our exports of domestic produce for the first eight months of 1929 being £566 millions as compared with £461 millions for the corresponding months of the present year).
- (b) *Piling up of world stocks.*

	1928 Thousands.	1930 Thousands.
Wheat..	382,000 bushels	577,000 bushels
Cotton..	3,061 bales	6,575 bales
Rubber.	178 long tons	384 long tons
Tin ..	24.6 "	33 "
Coffee ..	18,100 bags	28,400 bags

"It is upon the movement of these figures of stocks and of the level of prices for primary commodities that watchers for the economic dawn must concentrate their gaze."

In a world survey perhaps the brightest spot at the moment of writing is France, and among the factors operating in that country must be added the monumental fact of the *industry and thrift* of her people.

Now one of the main schemes advocated by eminent business men, and re-echoed from a hundred platforms, is what has not too happily been named Rationalisation. The amount of misconception concerning the theory is enormous.

Amalgamations and mergers, unless they lead to reduced costs of production, fail to fulfil one of their main purposes.

To ration out among various works the existing output does not, in any wise, solve the trade problem. We must not, however, be misled by the word "rationalisation," which does not by any means cover all that it is meant to cover. To achieve its object it must increase consumption as well as reduce selling prices. To some small extent, in certain trades, this has been done, but on the whole we still await evidence—after a fair period of trial—of the ultimate results of this particular form of the re-organisation of our manufacturing industries.

According to the *Economist*, to whom I am indebted for the following information, the average percentage earned on the total capital of eight separate mergers for twelve months to June 30th, 1930, was 7.7, whereas in the case of the total profits of some 1,771 industrial companies for a corresponding period, the earnings amounted to an equivalent return of 10.6 per cent. I do not draw any definite conclusions from such figures, being well aware of the danger of short period averages, but they lend themselves to consideration and inquiry.

The rationalising process has probably gone further in the United States of America than any-

where else. It has impressed itself upon the public mind, particularly in regard to "chain" stores, the prevalence of which immediately strikes the visitor to America. This process has given considerable food for reflection in the United States; doubts have arisen on purely business and economic grounds, and on grounds of administrative efficiency, and account is also being taken of the effect upon national life.

An investigation has been made by Mr. Ralph S. Charles in regard to "chain" store developments in Great Britain. Mr. Charles found that in twenty-five classes of trade, 2,242 organisations were operating some 32,025 branches. This compares with 455,620 shops in similar trade groups operated by independent retailers, representing 93 per cent. of the total of shops. The last Return of Companies discloses that 84 per cent. in number of all companies were private companies, which controlled 29 per cent. of the aggregate capital invested in public and private companies taken together. This indicates that in spite of rationalisation and mergers the amount of business carried on by small undertakings is larger than is popularly supposed. Our Vice-President, when addressing the International Congress on Accounting in the United States last year, somewhat jocularly remarked that he had not come across any small businesses in the United States, and he supposed that they did not exist. An American member of the Congress, in reply, assured the foreign visitors that American business comprised all sizes and classes of undertakings from the individual shoe-black to large combines such as the American Telegraph and Telephone Company. If this be true of the United States, the observation applies with greater force to our own country. Each kind of business undertaking must find for itself that form of organisation which is best fitted for its requirements in relation to modern needs, and I sometimes fear that rationalisation can by no means offer a universal or final solution of the problems of finance and organisation, although so far as it succeeds in creating a new spirit in industry, and, to quote the words of H.R.H. The Duke of York, "in bringing the many scattered units into one harmonious design," it undoubtedly will prove an important instrument for that purpose.

SPHERE OF SERVICE.

I must now recall myself to the title of my paper in order to examine the efficiency of the machinery we have created to fit our members to render expert assistance to the nation in the present age.

Dealing first with the concrete sphere in which the profession renders daily service the following statistics will indicate, in some measure, the character and extent of our responsibilities.

	Companies.	Number.	Paid up Capital.
1885 ..	—	9,300	£495,000,000
1928 ..	Public	17,000	£3,517,000,000
	Private	89,000	£1,461,000,000

Direct Taxation.

1928-29. Total	£406,940,000
of which Income Tax represents	£237,620,000
Sur Tax represents	£56,150,000
Estate Duties represent	£80,570,000
Excess Profits Duty	£850,000

Accounts rendered annually for Income Tax purposes, approximately 500,000.

Building Societies.

Number approximately 1,000.

Funds exceeding £304,000,000, of which £39,000,000 represents deposits.

Friendly Societies.

Total funds, £106,000,000.

Industrial and Provident Societies.

Total funds, £190,000,000.

(The foregoing figures are approximate.)

The accountancy profession has adapted itself to changed conditions and has responded to the opportunities which Legislation and other circumstances have offered.

To illustrate the manner in which these changes have definitely affected accountancy practice, I naturally turn to the evidence submitted on behalf of the Society to the Departmental Committee of the Board of Trade on Registration for the Accountancy Profession. The attention of the Committee was invited to five principal directions in which recent Legislation had placed upon members of the accountancy profession heavy and increasing responsibilities, namely:—

- (a) Companies.
- (b) Direct Taxation.
- (c) The Audit of the Accounts of Municipal Corporations.
- (d) The Administration of Trust Estates.
- (e) Insolvency Matters.

Legislation in each case had become necessary to meet the new conditions to which I have already referred. Further, it is an important fact that although professional business under the several headings is entrusted to us upon instructions from some specific quarter, a public responsibility devolves upon us in the discharge of the relevant duties. The headings are familiar to you; but in practice many different problems arise. We are guided by the law and by general principles in the work we are called upon to carry out. Each case, however, demands consideration on its merits and calls for judgment and decision, for which in most cases we must take personal responsibility. Error of judgment or vicarious mistake may have serious consequences.

Outside the well defined headings, both large and small practitioners have work entrusted to them of a peculiarly personal character by individual clients, who rely upon their advice and judgment. In some instances practitioners tend to draw their clients from a particular trade or industry, but within that area

of specialisation there is a variety of circumstances and conditions. The practice of an Incorporated Accountant cannot be reduced to mechanical terms or be guided by detailed rules. He must consider tendencies and movements in the structure and organisation of industry and commerce and their effect on the interests of his clients, whether advantageous or otherwise.

OFFICE ARRANGEMENTS AND PERSONNEL.

I will now leave more general questions and invite your attention to the internal arrangements of our practices.

Some members of the profession have preferred to practise on their own account without partners, but the general experience is that a practice can be much more easily and efficiently run by two or more partners. The sole practitioner is necessarily dependent upon his own judgment, and has not the advantage of a trusted colleague in whom he can confide and whose opinion he values. The sole practitioner may go on successfully for a long period of years, but some contingency, personal or professional, may arise in which he may suffer seriously from the lack of a partner. Moreover, a partnership lends itself to a useful differentiation of functions between the partners. The senior partners can probably most usefully deal with the more public side of the firm's practice, while other partners take charge of its managerial and executive functions.

The selection of partners is a delicate matter. As a practice increases, not infrequently there is on the staff a qualified managing clerk. It may be convenient and desirable to give him a partnership. This has the advantage of enabling the senior partner to retain control without difficulty and at the same time to have as a colleague one with whose temperament and habits he is familiar. On the other hand, it may be expedient to admit a partner trained elsewhere, who can bring to the practice new ideas and possibly some professional connection of his own. But, whatever arrangements may be made, one cannot insist too strongly that personal and temperamental factors, as well as professional capacity and connections, are extremely important. It is the smooth running of the small things of life which makes for comfort and ease of mind in the conduct of our business. We realise that in admitting a partner we are doing something which for better or worse is generally permanent. A good partner may spell success for a practice, but an unsatisfactory one may be a source of endless difficulty.

The experience of 30 years' practice as a professional accountant leaves no doubt in my mind that personality is immeasurably the greatest asset which a partner can bring to a practice.

In regard to the selection and appointment of staff, a good deal must depend upon the character and extent of the practice. Seniors are needed to take charge of a greater number of intermediate clerks, and perhaps a still larger number of juniors. Either by service under articles of clerkship, or under the

special bye-laws of the Society, these clerks have an opportunity of becoming qualified members of the accountancy profession as Incorporated Accountants. In the selection of staff this should be borne in mind. In the nature of things we cannot recruit our staffs from any particular class of men; it would not be desirable to do so. But accountancy demands intellectual qualities and a standard of education above the average. I feel, therefore, that we have normally to look to the secondary and public schools for the type of men and women with whom we can staff our offices. In regarding our staff as potential members of the accountancy profession, it is very desirable that they shall have taken the matriculation or some similar certificate before leaving school, or be prepared to take the Society's Preliminary examination as early as they possibly can. On our part we are entitled to take into consideration that an Incorporated Accountant's office provides first-class facilities for professional and business training, and I think by the exercise of some pains we shall be able to attract the kind of candidate suitable for our own offices and for the profession. By a scheme such as I have suggested, with a due proportion of juniors, intermediate and senior clerks, under proper direction from the partners, good team work can be secured with advantage to the practice and clients.

While no general rule can be laid down, we may find it desirable from time to time to give a University graduate an opportunity to serve articles in our offices. The period of his articles is reduced to three years. There are a number of men coming down from the Universities to whom accountancy should offer an attractive career.

Although the methods and organisation of a practising accountant's office are fairly well known, I believe that we must re-consider our systems from time to time in the light of modern methods and the kind of service our practice is expected to afford our clients. We do not need a great deal of machinery in professional offices, but we ought to consider whether some of our work could be usefully carried out by such appliances as adding machines and calculating machines. In any case it is important that we and our staffs should become familiar with the latest designs of office machines of various types and the work they carry out with a view to advising our clients. It is necessary to understand what such machines are capable of accomplishing, the circumstances under which they may be usefully employed and, what is important, the limitation of their usefulness. We must always keep in view the records or statistics required; machinery for machinery's sake would be just as bad as no machinery at all. Machine methods have been used extensively in Canada and the United States, but we must be careful in drawing conclusions from the successful application of machinery under the circumstances obtaining in those countries. What has proved useful there may not necessarily give the same results here.

Returning to the consideration of our own office work, I feel that there is an increasing need to

differentiate between the essential and the less important. It is essential that principals should devote themselves to the main business of the practice and increasingly delegate to their managing and other clerks the large amount of detail work which falls to be done. Moreover, there is a constant need for the principals and seniors to keep their professional knowledge up to date—circumstances, regulations and laws are constantly changing, and they should always be acquainted with what is going on in the profession. This demands constant study of professional literature.

PROFESSIONAL EDUCATION AND EXAMINATIONS.

This question has often formed the subject of a detailed paper. My purpose to-day is to refer to its relation to the conduct of public practice. The report of the Departmental Committee on Registration leaves no reasonable room to doubt that the maintenance of the standard of accountancy as a profession will continue, without legislative protection or provision, to rest in the hands of the leading bodies of accountants. I attribute to the Society's system of examinations, professional training and education, the reputation which Incorporated Accountants enjoy and the high standard of professional skill which their designation implies.

Ten years ago the new order of things after the war threw upon us the immediate responsibility of reviewing our examination arrangements. The syllabus was re-modelled, and such important subjects as Statistics and Economics were introduced to keep our system in line with modern requirements. In addition, the Society's educational work has received considerable impetus in more recent years. With the sanction of the members and under the initiative of the ex-President, the Branches and District Societies were brought within a common scheme by which every member and every student now has access to a district organisation. The examinations have shown that where the educational work of the Society is most vigorously conducted the best work is done by candidates. This fact has more than usual significance, because candidates are dependent for the most part upon private coaching organisations for guidance and training and the actual preparation for examinations.

Public criticism has been passed from time to time upon the value and effect of examinations. But so far as my observation goes, students who show high attainment at the Society's examinations usually show great promise subsequently in the practical work of the profession. We can therefore have confidence in the results of our examinations as a means of entry to membership of the profession.

There is every indication that in future the calls upon our time to consider current legislation as affecting the qualifications of accountants are likely to be considerably less. Our future policy, therefore, should be to develop and extend the facilities for professional education. Public practice, in the absence of any statutory regulation, will depend solely upon

the quality of our work and the influence individual members and the Society in its corporate capacity can exercise in industrial and commercial affairs. There can be little doubt that the standard of qualification required for the conduct of public practice in the future will become higher and more exacting, and the organisation of the Society lends itself readily to any adaptation which the future may demand.

RELATIONS WITH CLIENTS.

The strength of the practising accountant is based upon the independence of his position, a high standard of professional conduct and a mind which is both critical and constructive. We are entitled to and must obtain a complete disclosure of material facts, and should receive a ready response to those inquiries which we ought to make. At the same time, while maintaining an attitude of professional independence, we must cultivate one of personal goodwill. As auditors of companies, as trustees and as liquidators, we have statutory duties to perform; in dealing with individuals and partnerships we are constantly concerned with taxation matters; but in addition to duties involving statutory and definite moral obligations we are called upon to act in a consulting capacity. We have frequently to ascertain facts, to interpret them and to determine in what ways our findings call for any modification of the policy, finance or organisation of the relevant business. Our clients seek our professional knowledge and experience and look to us to bring to bear upon their problems a constructive and well informed intelligence. We have to interest ourselves in the general policy of the undertaking, to advise where economies can be usefully introduced, and how finances can be wisely strengthened. So much depends upon the organisation and general administration of a business or company, that we should see that the details of organisation can be carried out with efficiency and that the administration is not subject to strain.

I remember some years ago Professor Dicksee, in addressing a meeting of Incorporated Accountants' students upon "Business Organisation," said: "I do not know that we are called upon to take the part of prophets preaching in the wilderness, and perhaps preaching unprofitably at that." I am convinced that the modern attitude must be different. Our purpose should be not only to place at the disposal of our clients our best advice, but to initiate suggestions. Our suggestions may not always be welcomed at first, but it may be that we are able to form a better opinion of what is really needed than our clients. This demands knowledge and experience, but it also calls for the human touch and that friendly attitude which I have already mentioned.

We may not always be technical experts in any particular business, but we have seen many and we know by experience the points of weakness and strength. To that extent we are able to make suggestions outside the area of our own immediate work; for example, in the utilisation of space and lay-out, the age of plant, whether buildings are well adapted for the particular plant and processes of the business.

Further technical advice may be required in these directions, but often it would not be sought without a suggestion from us.

Some thirty years ago the late Mr. Harry Lloyd Price addressed a Conference of Incorporated Accountants on Professional Ethics. I have read that paper again with much advantage. The principles which he laid down as governing the conduct of our professional business and our relations with clients, carry to-day the same weight of moral and intellectual conviction as when Mr. Harry Lloyd Price submitted them in the year 1900. The relations between an accountant and his client are comparatively fixed, and as a rule such relations cannot be changed with the same degree of ease as other business relations.

The Society, in my opinion wisely, has not laid down in specific terms any particular rules of conduct governing the relations of its members to clients and to one another, but there is a well recognised code of conduct and etiquette.

It is satisfactory that the number of serious cases of discreditable conduct, or of conduct derogatory to the Society, which have called for the exercise of the disciplinary powers of the Council is extremely small. Further, the relations among Incorporated Accountants in public practice are generally satisfactory, and as far as my knowledge goes there is almost a complete absence of complaints of fee-cutting and undesirable practices among members. Those who have directed the Society's policy have reason to be satisfied with this state of affairs.

PROFESSIONAL FEES.

At this point I may refer to the question of Professional Fees. Certain fees are laid down by regulation, but this is an exception. Suggestions have been made from time to time that the Society might issue a scale of fees for different classes of professional work, but these, and the circumstances under which work is carried out, are so varied that up to the present the Council have not thought a scale of professional fees to be practicable. At the same time we are indebted to Mr. Francis Pixley for his work "Chartered and Incorporated Accountants' Charges," which is a useful work of reference and may guide us where there is any doubt or difficulty to be solved.

Occasionally, but happily infrequently, we hear of actions brought for the recovery of professional fees. I will not go so far as to state that actions for the recovery of fees should never be taken, but, generally speaking, our best interests and the interests of the Society are served by the settlement of fees in an amicable way. If any differences arise which cannot be settled by mutual arrangement, I would recommend resort to arbitration rather than litigation.

COMPANIES ACT, 1929.

In dealing with the causes which have influenced public practice, special attention must be given to the provisions of the Companies Act, 1929. The conduct of business in this country has increasingly fallen into

the hands of public and private companies. There seems every reason to believe that this will continue. The duties and responsibilities of auditors have been substantially increased by the Act. Little or no alteration was made in the method of appointment, and in framing the Act due regard was given to the findings of the Companies Committee that the work of auditors was well done, and that the cases in which auditors fell below the level of their duties were few and far between.

In regard to the preparation of balance sheets, the Act has specified in greater detail certain information which must be shown. It is our duty in certifying balance sheets to see that these provisions have been properly complied with. As auditors, therefore, we are placed in possession of more detailed instructions as to what precisely the balance sheet should show, but on the other hand our position is the more onerous where any reluctance may be shown by the directors to comply fully with this part of the Act. It is a new departure for the auditor to have the statutory right to attend the general meeting of the company, and I consider this is a provision which we should welcome. The auditor is entitled to make any statement or explanation he may desire regarding the accounts; in the opinion of counsel he should not take or act on the view that a statement made by him at the general meeting will cover a deficiency or inaccuracy in his report, which must now be attached to the balance sheet and read at the general meeting.

When an auditor attends a meeting he must see that any mis-statements made at the meeting relative to any matter covered by or arising out of the accounts are corrected. Further, he should answer any appropriate question on the accounts which may be addressed to him, but as the auditor's report should cover the whole ground, it is not necessary for him to assume the burden of making a statement or to volunteer any explanation.

The provision as to the statement of past profits in prospectuses is in conformity with what has been the best professional practice, but it is salutary that this has now been laid down by statute.

It is impossible in this paper to go through in detail the variations in our duties by the provisions of the new Act, and with most of them you are personally familiar. It may be that in the future experience will reveal the necessity of further statutory changes in regard to accounts.

Although a profit and loss account has to be laid before the general meeting, eminent Counsel has advised that there is no obligation under the Act to circulate the profit and loss account. However, upon reconsidering sects. 123 and 130, the former of which requires the profit and loss account to be laid before the meeting, and the latter of which provides that every document required to be submitted to the annual meeting shall be circulated to members, it appears to me that the safe course to pursue is to circulate the profit and loss account with the balance sheet. We must take note of the tendency for investors to expect more information in regard

to the undertakings in which they have ventured their capital. We ought to take the highest possible view of our duties as auditors, because compliance with the provisions of the Act in regard to accounts is not a mere technicality, but is based upon a considered review of past experience and of present day requirements.

PRACTICAL SUGGESTIONS.

(a) The conduct of business on modern lines demands accurate and up-to-date information of transactions, output, finance, costs and sales. The introduction of statistics and statistical information, perhaps illustrated by charts of the really salient factors which should guide business and financial policy, is to be recommended.

(b) The preparation of periodical interim statements of earnings for the information of directors and management is almost a *sine qua non*.

(c) It has long been the practice in municipal work for a budget of revenue and expenditure to be prepared. From a perusal of the papers submitted to the International Congress on Accounting last year, it is clear to me that the practice of commercial budgeting and budgetary control has been applied considerably in the United States. I believe that work upon these lines could be developed with advantage in this country, though I must confess the system may hardly be applicable to smaller undertakings.

(d) Suggestions can be made when it appears that further capital can be introduced with advantage, and advice can be given on the best ways of raising such capital in existing conditions, whether by temporary loan or public issue of shares or debentures. This is particularly important where plant has become somewhat out of date and ought to be replaced with advantage by further capital expenditure.

(e) The representation of clients in interviews with banks in the negotiation of loans and overdrafts.

(f) This brings me to one of the most important points of present day accounting, namely, depreciation of fixed assets and proper provision for obsolescence and redundancy. The British method is to treat depreciation from the point of view of historical value, relating it to the normal life of the plant. Obsolescence is not usually provided for, and when it is necessary to replace plant not worn out but out of date, recourse is had to fresh capital expenditure. The rate of obsolescence tends to increase as new patterns and new inventions are introduced with greater frequency. It is, therefore, of the greatest importance that all businesses should build up and maintain substantial reserves so that the necessary extensions and changes in capital equipment can be provided while maintaining a liquid financial position.

(g) In general, and particularly in large undertakings, financial control is increasingly important. Financial statements of revenue and expenditure reflect with regularity and precision the activities and policy of the business. Our aim should be to introduce

improvements in financial control so that information may be both accurate and up to date.

PRESENT AND FUTURE OF PUBLIC PRACTICE.

The President, in some of his recent addresses, has drawn attention to the difficulty which young Incorporated Accountants find in commencing practice. While it is a hopeful fact that comparatively few have commenced practice and have given it up, yet in the experience of most of us the commencement of practice to-day is far more difficult than it was 25 years ago.

I put it to you as a question for consideration (without any desire to "rationalize" the profession) whether there may not be too many firms, of smaller dimensions, who are carrying on public practice. The desire for personal progress and for control of a practice is natural enough, but in view of the expansion of large undertakings, to which I have already referred, I have a feeling that the interests of the members and of the accountancy profession might be better served if smaller practices were combined and the average size of firms increased. I have already discussed the advantages of partnership from the personal point of view, and the scope for specialisation which it affords.

The personal and professional difficulties in regard to the amalgamation of firms, I must admit, are very great, and anything of this kind on an extensive scale is not to be recommended, but there is a degree within which the joining of practices could present advantage, I think, to ourselves, to our clients, and to the Society.

Accountancy continues to attract considerable numbers of young men of good education and promise, and the large number of candidates who desire to become Incorporated Accountants is a healthy sign for the Society. We must face the fact that not all who qualify can commence practice, but service in the accountancy profession and a professional qualification is increasingly recognised as a necessary condition to appointment to executive positions of responsibility both at home and overseas.

There is a considerable field for young Incorporated Accountants in the Dominions and Colonies, and in foreign countries. In discussing prospects with the newly qualified members of our staffs, I think we might draw their attention to the prospects offered by appointments overseas, which should appeal to the traditional British spirit of adventure, and provide an opportunity for the exercise of modern professional knowledge and training.

Looking back over the past, we can all rejoice at the progress which has been made in accountancy as a profession since the Society was founded 45 years ago. At present the profession in some quarters may be suffering from the universal business depression; but when the looked-for revival comes to the world of commerce as a whole, Incorporated Accountants will contribute their share of work and responsibility to the improvement on which our hopes are set for the nation.

The conclusion of my paper is a quotation from the Report of the Departmental Committee of the Board of Trade which has recently concluded its investigations into the position of the accountancy profession: "It is of vital importance to the public and to the business community that the highest possible standard of efficiency and integrity should be maintained in the profession of accountancy."

Discussion on Mr. Hewetson Nelson's Paper.

Mr. WALTER HOLMAN (London), opening the discussion, said they had listened to a very comprehensive review of the conditions under which modern accountancy was carried on. In painting his picture, Mr. Hewetson Nelson, like all great artists, had taken particular care of his background, which he had painted in sombre colours. It could not very well be otherwise, because the state of national affairs at the present time was such as to give the utmost concern to all thoughtful people. He (Mr. Holman) often thought that the consideration of national problems, which were produced by many conflicting tendencies and involved enormous figures, had the effect of hiding the personal responsibility of individual citizens. Valuable work could be done by practising accountants attempting to bring home to individuals the facts of the state of national affairs. Mass movements undoubtedly had their place in modern life, but the need for individual responsibility and individual education remained paramount. Incorporated Accountants and all accountants could, perhaps, fulfil a more important function in this individual sense than in the larger sphere. Facts about national expenditure and income were impressive, but they would carry more weight if, in an individual sense, they were accompanied by the statement that the principles which should govern national expenditure were the same as those which should govern an individual in his private capacity. If a private individual did not keep his expenditure within his income, the end was bankruptcy. Emphasising the necessity among accountants for a high ethical standard, Mr. Holman said they had heard a great deal about the losses and about the nervousness of capital. It would be an interesting digression to consider whether those losses were actual or artificial, but he suggested that at any rate a great deal of the nervousness of capital was not so much due to increased taxation, but was the direct result of a mad wave of speculation. Incorporated Accountants could usefully influence individuals to take a higher view of the moral responsibility of capitalists. After all, the ownership of capital was not only a privilege—it was a responsibility. Accountants could use their influence, too, in bringing home the fact that speculation was anti-social. The enormous yield of direct taxation proved the existence of a very high standard of commercial morality, for which the accountancy profession could take a great deal of credit. But that standard was not yet at its highest by any means, and, with the increase of taxation that had taken place and the increase of taxation that was in prospect, there was bound to be a recurrence of those attempts at evasion of taxation which were so common immediately following the War. Accountants could and should bring home to individuals the fact that in evading their proper liabilities as taxpayers they were not injuring any outside body, but were injuring their immediate neighbours and fellow-taxpayers. Turning to the direction in which accountancy practice had developed enormously in recent years, Mr. Holman said that in the old days accountancy practice had in regard to taxation only a very limited amount of work, whereas nowadays taxation occupied a very large portion of the

work in many offices. With the growing efficiency of the Revenue Department and the obvious intention of the Revenue Authorities to interpret matters to the detriment of the taxpayer in every possible case, the necessity was placed more and more on practitioners to familiarise themselves with all the enactments in order that they could to the best advantage safeguard the interests of their clients. Something had been said of personality, but in his experience personality could be a liability as well as an asset. Regarding examinations, he desired to point out that they in that Society were not in competition with any other body, and did not base their examination questions on the questions used by any other body. What they were out to do was to see that candidates not only understood the principles of accountancy, but also knew how to apply them to practical problems. Mr. Hewetson Nelson himself was one of that small and select company who had the itch for knowledge, and who aimed not only at playing the game but at improving it. His latest effort in that direction that morning made not only the Society but the whole profession his debtors.

Mr. F. WOOLLEY, J.P. (Southampton), praised Mr. Hewetson Nelson as a distinguished and veteran essayist in accountancy. It was evident, said Mr. Woolley, that Mr. Nelson felt that the profession was working on the right lines, but he called their attention to the principles which they must always keep in view and strive to put into practice. It would not be easy to conceive a greater tribute to the profession of accountancy than the decision of the Departmental Committee. If that Committee was of opinion that legislation was not necessary for the regulation of the accountancy profession, that, indeed, was a tribute to its health, virility, and soundness, and the service which it gave to the public. Touching the ethical note, Mr. Nelson had in effect put to them this question: What is the purpose of business? After all, they could scarcely comprehend rightly the purpose of business unless they placed it upon an ethical basis. There was a time when practically every business man said—some still said—that their principal reason for being in business was to make money. Well, the man who went into business with that object was not going to get half so far, even in the purpose which he had in mind, as he would if his object were primarily one of good service to those who placed their confidence in him. Mr. Nelson's address had reminded him of some of the Scriptural injunctions to work. Some of them who were getting older were apt to think that the rising generation of to-day would not at all suffer by taking a little more to heart some of those old-fashioned principles. The accountant to-day, it was perfectly true, was not a mere mathematician. He had to be a consultant and an adviser—an adviser who could be relied upon for the soundness of his advice, and advice which would stand the test of subsequent application. Unless the accountant entered into his work with the spirit and object of giving really beneficial service to his clients, he was not going to get very far. Turning to domestic matters, it would be a good thing if accountants generally would regard matriculation as a necessary condition of the engagement of a junior. He had attempted for quite a long time to apply that rule and had found it work admirably. It meant that they were more likely to get the right type of junior. At any rate, it ensured a standard at the beginning which was a good standard to build upon. With regard to the inside working of an accountant's office, it was worthy of consideration to make groups of three in their staffs—one senior, one intermediate, and one junior. Obviously, a lot of variation would have

to be applied, but on general lines that arrangement worked out not only to the advantage of the office but to the advantage of the intermediates and the juniors who were coming on. One essential thing was to shift them to other seniors at intervals of six months. Turning to the more public aspect of matters, Mr. Woolley thought that the development of the hire-purchase system had been carried too far already in this country, and had done infinite harm. Regarding the economic situation, the relatively high cost in sheltered industries was having a directly detrimental effect and making the situation worse than it otherwise would be in the unsheltered industries. The tendency of the Government to press on the local authorities unnecessary expenditure and even to bribe them to undertake expenditure which could be done without by offering them a large proportion of the cost, was another point to bear in mind. A good deal of the capital that was being sunk was being sunk for ever, and the danger was whether, when industry revived, sufficient capital of a fluid character would then be available to enable industry properly to get upon its feet.

Mr. C. M. DOLBY (President of the Liverpool District Society) said that they in Liverpool looked up to Mr. Hewetson Nelson as a very live and active member of the Society of Incorporated Accountants. Regarding rationalisation, Mr. Dolby said he should like to go a stage further than Mr. Nelson, and say that he saw great danger in the way in which that word was being bandied about. The average individual seemed to think that they had only to mention the word "rationalisation" and the troubles of this country were over. Rationalisation might yet prove a greater evil than individualism. The latter had always been marked by the pioneer spirit, and they had to remember the devoted energy which the single proprietor of a business usually put into his private affairs. He was not at all sure that rationalisation was going to benefit this country to anything like the extent which individualism had done in the past. He would urge every Incorporated Accountant to do his utmost to instil all with whom he came into contact with the real necessity for hard work.

Mr. W. J. PALLOT (President, South Wales and Monmouthshire District Society) said that Mr. Nelson's paper would find a place in the archives of the Society as one of the outstanding contributions to the subject of the relationship of their profession to the public, and to the business life of the country. More Incorporated Accountants ought undoubtedly to take a wider and more personal interest in public life. Any effective work in the direction of curbing the present lavish and in some cases rash outpouring of public funds, which resulted in the ever-increasing and crippling burden of local rates, must come from within. There was a growing feeling amongst the business community that the individual engaged in business and commerce should devote himself more to that personal interest in the affairs of local authorities and, indeed, of Imperial Government. At a meeting of the Cardiff Chamber of Commerce, held early last week, which he attended as representative of the South Wales and Monmouthshire District Society of Incorporated Accountants, one of the members struck the same note and pointed out that the blame for the present condition of things rested very largely on the members themselves, who, except in comparatively few instances, were by their lethargy failing to create the opportunity of achieving the economy which they in the general body of ratepayers considered so essential. This applied with greater force to accountants who by special training should be able to indicate the channels through which expenditure should flow

and maintain that proper equation of expenditure and ability to pay which in these days was only too often forgotten. The plea that all expenditure which gave value for money was justified might be regarded as a pernicious doctrine. A bankrupt who borrowed money to buy a Rolls-Royce car might attempt to justify his action by pleading that he was getting value for money. In a sense he was, but the Official Receiver would probably take a diametrically opposite view. If the present trend of affairs continued, he submitted that the position of many local authorities would be analogous to that of the debtor borrowing the ratepayer's money. The question of obtaining value for money was not the sole test to be applied when new expenditure was under consideration.

Mr. A. FRANCE (President-elect of the Yorkshire District Society) said that the word "Service" in the title of Mr. Hewetson Nelson's paper was one of the most appropriate that could have been found. Were they, asked Mr. France, doing everything they could to fit their student members for their future? They must not forget that the student members of to-day would probably have in their hands the Government of the Society in the future. One important necessity was the ability and the courage to stand up in public and make a really good speech. In his own town he knew that a few accountants who had laudably attempted to enter public life on the city council had been let down through the one failing of not having the ability to speak well. The position of such a man was similar to that of the student who had been cramming for months and yet, when he got into the examination room, could not satisfy the examiner. Mr. France commended the example of the Sheffield Society in arranging joint meetings with the Chartered Accountants and with the Bankers and the Secretaries whereby they got a considerably augmented number of students together and secured the opportunity of seriously discussing matters which were more or less of general interest to them all.

Mr. PERCY WALKER (Cardiff) said that Mr. Hewetson Nelson had placed before them some arresting thoughts, not the least important of which was the danger apt to arise from the adoption of one aspect of rationalisation, namely that of fusion or merger. The habit of certain popular newspapers in adopting a slogan or some particular phrase and advocating that as a panacea for all the ills with which industry was affected, could not be too strongly deplored. Prior to the League of Nations Assembly in May, 1927, the term "rationalisation" was practically unknown. From the resolutions then passed by the two Committees set up on industry and commerce, it would be seen that they had a far wider ideal before them than that of fusions or mergers. One of the most important sides of the question in their opinion was that of improving the methods of production and the conditions under which the men worked and lived and the relationships between employer and employed. The mere fusion of interests and the absorption of smaller concerns whereby the only people who profited by the transaction were those financial interests concerned in the mere transference of one company to another, could not tend to the benefit of the industry or the country as a whole. The tendency was rather to destroy that healthy spirit of competition on which our trade and industry had been built. Let them rather encourage the individual and personal factor in industry, giving the worker some real interest in the result of his labour, and he felt that the sterling merit of the British product, so wonderfully exemplified in that great city of Sheffield,

would once again force them to that position in the world of commerce which they previously enjoyed.

Mr. H. REYNOLDS (Bradford) said the subject under discussion was a very happy choice, particularly at the present important phase of the Society's development, when every step taken and decision arrived at required most careful consideration. The progress of the Society, particularly during the past twenty years, of which those who had had control of its affairs might justly be proud, was due to a very large extent to their having kept the object of service and the necessity for higher professional duty and ethical standards before the members. Accountancy offered one of the very best spheres of service available to any man. If the young men entering the profession realised that the occupation was one which was worthy of their best efforts, not merely because it was a means of livelihood, but because it was a means of serving their clients by cheerfully and willingly giving of their very best, and further that their training equipped them in a very special and marked degree to serve the community in general in many different directions, the Society would make even greater strides in the future than in the past through the good name which those young men would earn for themselves. He was entirely in agreement with Mr. Nelson as to the necessity for national economy and their duty to bring it into the light of publicity on every possible occasion. He wished, however, that Mr. Nelson had gone further and emphasised the desirability of their constantly stressing the necessity for personal economy. Everyone, excepting perhaps those reaping direct financial benefit, deplored the immense expenditure of all classes of the community to-day in unnecessary luxuries, amusements, sports, &c. The money spent in these indulgences and in the purchase by instalments of articles which, if they had to be paid for outright could not possibly be afforded, and which were totally unnecessary except to maintain an entirely artificial standard of living, must be tremendous. If people of all classes would realise that before prosperity could be restored to the country this extravagance must be stopped and the money used in the purchase of necessities and commodities which would bring lasting benefits, the money at present being, to a large extent, wasted would be diverted to the staple industries of the country, and these industries greatly stimulated. But the effects would reach much farther. If the man-in-the-street could be persuaded to begin economising himself, he would very soon insist upon national and local economy. At present the man-in-the-street was prepared to agree with the general cry of economy. Many became quite voluble on the subject, but it was purely lip-service which they rendered. The man-in-the-street said "The national expenditure must be reduced. The country cannot go on increasing its spending while its income is declining"—quite overlooking the fact that the nation consisted of individuals and that it was quite illogical to expect the country to do exactly the opposite of what the individuals themselves were doing. It was said that charity began at home. Economy also began at home, even more than charity. It was one of their avenues of service as accountants to emphasise this point as well as the wider and more popular one of national and local economy on every possible occasion. Mr. Nelson's observations under the heading of Professional Education and Examinations were very useful and instructive, but he did not deal with the matter of overcrowding or the regulation of the numbers qualifying. That was a matter which seriously exercised the minds of numbers of the younger accountants, judging by the correspondence in the professional papers. Mr. Nelson did, however, advocate

specialising in costing and similar subjects. In view of that fact, Mr. Reynolds said he believed it would be very useful if it were permissible for an article clerk to serve, say, twelve months of his term of articles in a commercial office, particularly if he showed any inclination towards any special subject—where he could pick up first-hand knowledge of commercial matters. Such a sphere of training would serve him admirably after he had qualified, either in helping him to obtain work outside the profession or, if he commenced general practice, in his connections with his clients, by enabling him to speak with first-hand knowledge of their methods and difficulties. If, for instance, a clerk articulated in Bradford were to spend a year in one of the local manufacturing concerns during his term of articles, he would possess a knowledge of processes, technical terms, and trade customs at the time he qualified which it would take him years to acquire afterwards by observation and reading. As an alternative to this period of service in commerce, the exchange of article clerk between London and provincial accountants was worthy of consideration. Anyone visiting London at the present time would never dream that the trade of the country was in the dilemma in which it found itself. London itself, he believed, was still comparatively prosperous. There appeared to be money available for almost anything, whereas in the industrial centres of the North it was impossible to spend a day without feeling that things were in very dire straits. He heard it suggested recently that if the seat of Government could be shifted from Westminster to the West Riding of Yorkshire, Parliament would very quickly realise that something must be done with regard to bad trade and unemployment.

Mr. HEWETSON NELSON, replying, said that he had no hesitation in re-affirming the view that the central point to which they as citizens should at the present time direct their energies was towards the effort for national as well as individual economy. To leave the subject of accountancy, he thought that the emphasis of life at the present time was being placed altogether in wrong directions. Reading his local newspapers, he found, for instance, that a young man who had brilliantly passed the Final examination of the Incorporated Accountants, got married, and underneath the picture of him and his bride was the caption "Marriage of a prominent Everton Player." He came across the picture of another young man who, strangely enough, had also passed their examinations, and underneath it read "Marriage of a leading exponent of Tennis." Mr. Nelson said the emphasis was absolutely wrong. The time had arrived when we in this country had got to take things seriously and make up our minds, each one for himself, to work harder, to be more industrious and more economical.

A cordial vote of thanks to Mr. Hewetson Nelson for his paper was carried on the motion of Mr. JAMES PATERSON (Greenock), seconded by Mr. W. ALLISON DAVIES (Preston).

VOTES OF THANKS.

The PRESIDENT, expressing appreciation of the success and enjoyment of the Conference, and of the generous hospitality showered upon the delegates by their friends in Sheffield, moved the following votes of thanks, which, seconded by the VICE-PRESIDENT, Mr. E. Cassleton Elliott, were carried with acclamation:—

(1) To the Lord Mayor of Sheffield (Alderman C. W. Beardsley, J.P.) and the Lady Mayoress. "At a Session of the Conference of Incorporated Accountants held in Sheffield on Friday, September 26th, it was resolved unanimously that the President, Vice-President, and Members of the Society of Incorporated Accountants

and Auditors desire to tender to the Lord Mayor of Sheffield and the Lady Mayoress their sincere and cordial thanks for the civic welcome accorded to the Conference held in Sheffield on September 24th, 25th, 26th, and 27th for the use of the Council Chamber, and for the generous hospitality extended to the members."

(2) To the President (Mr. Percy Toothill, F.S.A.A.) and Mrs. Toothill, the Vice-Presidents (Mr. A. B. Griffiths, F.S.A.A., and Mr. Leslie Lewis, F.S.A.A.), the Committee and Honorary Secretary (Mr. J. W. Richardson, A.S.A.A.) of the Incorporated Accountants' District Society of Sheffield. "At a Session of the Conference of Incorporated Accountants held in Sheffield on Friday, September 26th, it was resolved unanimously that the President, Vice-President, and Members of the Society of Incorporated Accountants and Auditors tender to the President, Vice-Presidents, Committee and Honorary Secretary of the Incorporated Accountants' District Society of Sheffield their sincere and cordial thanks for the arrangements made for the Conference held in Sheffield on September 24th, 25th, 26th, and 27th, 1930, and for the kind and generous hospitality extended to the visiting members. It was further resolved that this Resolution be suitably inscribed and presented to the President, Vice-Presidents, and Honorary Secretary of the Sheffield District Society."

(3) and (4) Two resolutions, similarly worded, tendering to the Directors of Messrs. Thos. Firth & Sons, Limited, and the Directors of Messrs. Walker & Hall, Limited, "sincere and cordial thanks for the facilities granted to the members of the Incorporated Accountants' Conference, Sheffield, 1930, to visit the works to view the interesting manufacturing processes carried out by the company," and expressing "appreciation of the courtesy of the members of the staff of the company and of the kind hospitality extended to the members by the Directors."

(5) Resolution tendering to the Chairman (Mr. C. Lee Richards, J.P.) and Directors of the Abbeydale Golf Club "sincere and cordial thanks for the facilities granted to the members of the Conference, 1930, to play over the Abbeydale Golf Course and for the courtesy extended to them during their visit to the club."

(6) Resolution tendering to the Vice-Chancellor of the University of Sheffield "sincere and cordial thanks for the facilities granted to the members of the Incorporated Accountants' Conference, Sheffield, 1930, on the occasion of their visit to the Applied Science Department of the University which afforded them much interest and pleasure." Also expressing to the Professors and Lecturers "the appreciation of the Conference for their courtesy in explaining the various processes which were seen."

On the motion of Mr. THOMAS KEENS, seconded by Mr. A. E. PIGGOTT (Secretary of the Manchester District Society), a hearty vote of thanks was accorded to the President for his conduct in the chair during the Conference.

CONFERENCE DINNER.

The Conference Dinner took place in the Royal Victoria Hotel on Friday evening, September 26th. The President (Mr. Henry Morgan) and Mrs. Morgan received the guests, among whom were the Lord Mayor and Lady Mayoress of Sheffield, and the Minister of Health (Mr. Arthur Greenwood), and a bouquet was presented to Mrs. Morgan by Mrs. Percy Toothill. Mrs. E. Cassleton Elliott, wife of the Vice-President of the Society, was also presented with a bouquet by Miss P. E. M. Ridgway, B.A., one of the first women to qualify as an Incorporated Accountant.

The President (Mr. Henry Morgan) occupied the chair at the dinner, and there was a very large gathering of guests and members, whose names are given below:—

The Lord Mayor of Sheffield (Alderman C. W. Beardsley, J.P.); The Lady Mayoress of Sheffield; Mrs. Henry Morgan; The Right Hon. Arthur Greenwood, M.P. (Minister of Health); Mr. Ronald W. Matthews, J.P. (President, Sheffield Chamber of Commerce); Mrs. Ronald W. Matthews; Lady Martin; The Right Rev. L. Hedley Burrows, D.D. (Lord Bishop of Sheffield); His Honour Judge Greene, C.B.E., K.C. (County Court Judge, Sheffield); Mrs. E. Cassleton Elliott; Mr. E. Cassleton Elliott, London (Vice-President of the Society); Sir James Martin, J.P., London (Past President); Sir William Clegg, C.B.E., J.P., LL.D. (Pro-Chancellor of the University of Sheffield); Mr. H. Fitch Kemp (President, Institute of Chartered Accountants in England and Wales); The Lord Mayor of Norwich (Mr. H. Harper Smith, J.P., President, East Anglian District Society); The Lady Mayoress of Norwich; Mr. Thomas Keens, London (Past President); Alderman H. W. Jackson, LL.B.; Mr. Harold Taylor, M.C., C.E.; Mrs. Harold Taylor; Mr. F. Walmsley, J.P., Manchester (Past President); Alderman F. Marshall, M.P., J.P.; Sir William Hart, O.B.E., LL.D. (Town Clerk, Sheffield); Colonel William Parker, D.S.O., T.D. (President, Chartered Institute of Secretaries); Mr. C. Hewetson Nelson, J.P., Liverpool (Past President); Lady Hart; Alderman T. H. Watkins; Mr. Harold E. Copp, M.Inst.C.E. (President, Institution of Gas Engineers); Mr. Alan Standing, Liverpool (Member of Council); Mr. John Fox, O.B.E. (Assistant Registrar of Friendly Societies); Mr. John Oakley, J.P. (Editor, Sheffield Telegraph); Mr. L. J. Clegg (Official Receiver); Mr. J. C. Riddle (Walker & Hall, Ltd.); Mr. John Smith (Thos. Firth & Sons, Ltd.); Mrs. Percy Toothill; Mr. C. L. Richards, J.P. (Midland Bank Ltd.); Mr. Percy Toothill (Member of the Council, President, Sheffield District Society); Colonel Charles Hodgkinson (President, Sheffield Law Society); Mr. J. W. Merryweather (President, Sheffield Society Chartered Accountants); Major J. Victor Bibby, D.S.O. (President, Insurance Institute of Sheffield); Mr. E. R. Hunter (Chairman, Sheffield Committee, Institute of Bankers); Mr. G. R. Slater (Walker & Hall, Ltd.); Alderman E. G. Rowlinson, J.P.; Mr. A. J. C. Walters (Secretary, Sheffield Chamber of Commerce); Mr. W. H. Payne, London (Member of the Council); Mr. P. B. Andrew (Midland Bank Ltd.); Mr. G. E. Smith (Clerk of the Peace, Sheffield); Mr. T. R. Goodwin (Barclays Bank Ltd.); Mr. Frank Downing (Secretary, Sheffield Society of Chartered Accountants); Mr. W. G. Lee (Secretary, Sheffield Centre Chartered Institute of Secretaries); Mr. C. Stanley Coombe (Secretary, Sheffield and District Law Society); Mr. E. W. C. Whittaker, J.P., Southampton (Member of Council); Mrs. M. Hewitt; Mr. A. Middleton (Midland Bank Ltd.); Mr. W. G. Buck (President, Sheffield Branch Architects' and Surveyors' Society); Mr. H. L. Cooper (Editor, "Sheffield Star"); Mr. W. E. Bemrose (Editor, "Sheffield Independent"); Mrs. A. H. Walkey; Mr. C. E. Hibberd (National Provincial Bank Ltd.); Mr. A. H. Walkey, Dublin (Member of Council); Mr. J. R. Townend (Williams Deacon's Bank, Ltd.); Mr. R. T. Warwick, London (Member of Council); Mrs. R. T. Warwick; Alderman Ernest Wilson; Mr. A. B. Griffiths (Vice-President, Sheffield District Society); Mrs. A. B. Griffiths; Mr. G. V. Rose (Editor, "Sheffield Mail"); Mr. John Willis; Mrs. T. A. Hardy; Mr. T. A. Hardy; Mr. Harry Green (Thos. Firth & Sons, Ltd.); Mr. Slater Willis (Chairman, Sheffield Centre Chartered Institute of Secretaries); Mrs. S. Morgan; Mr. H. Mumford-Smith; Miss M. Morgan; Mr. F. Mumford-Smith; Mr. S. Morgan; Mrs. T. Morgan;

Mr. T. Morgan; Mrs. H. Mumford-Smith; Miss Morgan; Mr. A. A. Garrett, M.A., B.Sc., London (Secretary of the Society); Mrs. A. A. Garrett; Miss P. E. M. Ridgway, A.S.A.A., Hull; Mr. G. Roby Pridie (Vice-President, Incorporated Accountants' Students' Society of London); Mr. Walter Holman, London (Member of the Council); Mrs. W. Holman; Mr. C. M. Dolby (President, Liverpool District Society); Mrs. J. W. Richardson; Mr. J. W. Richardson, Sheffield (Hon. Secretary, Sheffield District Society); Mr. W. Allison Davies, O.B.E., Preston (Member of Council); Mr. H. Reynolds (Hon. Secretary, Bradford District Society); Mrs. Hulme; Mr. H. Foster; Mr. J. Paterson Brodie, Stoke-on-Trent (Hon. Secretary, North Staffs. District Society); Mr. W. Paynter, London (Member of Council); Mrs. W. Paynter; Mr. J. A. Hulme, Manchester (President, Manchester and District Society); Mrs. H. Reynolds; Mr. Alexander Hannah (Hon. Secretary of Liverpool District Society of Incorporated Accountants); Mr. Price; Mr. H. J. Burgess, C.C., London (Member of Council); Mr. B. D. Lewis; Mr. R. Wilson Bartlett, J.P., Newport, Mon. (Member of Council); Mr. D. E. Campbell, Wolverhampton (Member of Council); Mr. James Paterson, Greenock (Member of Council); Mr. R. J. Kidney, F.S.A.A., Dublin; Mr. Ernest E. Edwards, B.A., LL.B. (Assistant Parliamentary Secretary); Mr. R. M. Branson, Leicester (Member of Council); Mr. J. R. Willis Alexander, M.A., LL.B. (Parliamentary Secretary); Miss Barbara Quick; Mr. A. France, Leeds (President, Yorkshire District Society); Mrs. A. France; Mr. T. W. Dresser (Hon. Secretary, Yorkshire District Society); Mr. R. O. Naylor, F.S.A.A., Kendal; Mr. C. H. Wells, F.S.A.A., Sheffield; Mr. C. A. Nicholson; Mr. James Baird, F.S.A.A., Belfast; Mr. Arthur Frost; Mr. J. B. Bardsley, A.S.A.A., Sheffield; Mr. Charles P. Sharman; Mr. Owen Avison, F.S.A.A., Huddersfield; Mr. E. B. Shaw, F.S.A.A., Huddersfield; Mrs. Sharman; Mr. G. P. Sharman, F.S.A.A., Sheffield; Mrs. G. A. Ridgway; Mr. G. A. Ridgway (President, Hull District Society); Mr. J. Marcroft, A.S.A.A., Sheffield; Mr. H. G. Liversidge, F.S.A.A., Rotherham; Mr. J. C. Loughridge, F.S.A.A., Dublin; Mrs. J. C. Loughridge; Mr. P. Cardwell, A.S.A.A., Sheffield; Mr. R. H. Chope (Secretary, Sheffield Junior Chamber of Commerce); Mr. Leslie Lewis (Vice-President, Sheffield District Society); Mr. Frank Mayes (Lord Mayor's Secretary); Mrs. Verner; Mr. R. Lewin, A.S.A.A., Liverpool; Mr. E. T. Brown, F.S.A.A., Wolverhampton; Mr. H. F. S. Corker, F.S.A.A., Sheffield; Mrs. S. I. Wallis; Mr. R. Simpson Duthie, Carlisle (Hon. Secretary, Cumberland and Westmorland District Society); Miss Moffitt; Mr. S. I. Wallis (Hon. Secretary, Nottingham District Society); Mr. John Moffitt, F.S.A.A., Portsmouth; Mr. H. J. Allen, F.S.A.A., Sheffield; Mr. J. Telfer (Hon. Secretary, Newcastle-on-Tyne District Society); Mrs. Harrison; Mr. Frank Harrison, F.S.A.A., Leeds; Mrs. Wardley; Mr. Donald Craig, F.S.A.A., Sheffield; Mrs. Harry Cunningham; Mr. R. L. Craig; Mr. Harry Cunningham, A.S.A.A., Sheffield; Mr. A. L. Dawson; Mr. C. E. Eglén; Mr. R. B. Spencer; Mr. W. A. Tomlinson; Mrs. Robert Bell; Mr. W. J. Pallot, Cardiff (President, South Wales and Monmouthshire District Society); Mrs. A. E. Piggott; Mr. Robert Bell, Belfast (President, Irish Branch); Mr. A. E. Piggott (Member of Council and Hon. Secretary, Manchester District Society); Mr. Percy H. Walker, Cardiff (Hon. Secretary, South Wales and Monmouthshire District Society); Mrs. F. Woolley; Mr. F. Woolley, J.P., Southampton (Member of Council and Hon. Secretary, South of England District Society); Mr. S. F. Marsden; Mr. C. S. Quick; Mr. A. Fowler; Mr. M. Winston; Mr. H. G. Toothill; Mr. H. E. Pickering; Mr. H. J. White; Mr. L. Hyman;

Mr. C. A. Belbin, F.S.A.A., Sheffield; Mr. A. Law, F.C.A., F.S.A.A., Sheffield; Mrs. A. Law; Mr. A. R. Pavell, A.S.A.A., Sheffield; Mr. J. O. Claxton, A.S.A.A., Rotherham; Mrs. A. E. Turner; Mr. A. E. Turner; Mr. G. H. Hodgson; Mr. Halvor Piggott (*Assistant Hon. Secretary, Manchester District Society*); Mr. E. A. Anderson, F.S.A.A., Belfast; Mr. D. V. Hayden, A.S.A.A., Norwich (*Hon. Secretary, East Anglian District Society*); Mr. R. G. Nicholson, A.C.A., F.S.A.A., Rotherham; Mr. J. G. O'Callaghan, B.Com., A.S.A.A., Dublin; Miss W. E. Piggott; Mr. S. C. Bishop, A.S.A.A., Norwich; Mrs. Halvor Piggott; Mr. B. A. Simpson, A.S.A.A., Sheffield; Mrs. Simpson; Mr. L. G. F. Waddington, A.S.A.A., Doncaster; Mrs. H. Smith; Mr. F. E. Beech, A.S.A.A., Sheffield; Mr. J. Thurgood, A.S.A.A., Doncaster; Mr. C. E. Gray, A.S.A.A., Sheffield; Mr. Henry Smith, A.S.A.A., Bolton; Mr. F. E. Williamson, A.S.A.A., Sheffield; Mr. F. Heywood, A.S.A.A., Sheffield; Mrs. F. Heywood; Mr. F. A. Prior, F.S.A.A., (*President, Nottingham District Society*); Mr. J. H. Freeborough, J.P., F.S.A.A., Sheffield; Mr. J. N. Wilde, A.S.A.A., Sheffield; Miss F. Nightingale, M.A.; Mr. F. W. Ogg, A.S.A.A., Sheffield; Mr. G. M. Moore; Mrs. R. Gair; Mr. W. A. Lambert; Mr. Robert Gair, F.S.A.A., Newcastle-on-Tyne; Mr. F. T. Kenyon, F.S.A.A., Penrith; Mrs. E. Ransom Harrison; Mr. E. Ransom Harrison, F.S.A.A., Sheffield; Mrs. F. T. Kenyon.

The loyal toast, proposed by the PRESIDENT, was honoured with enthusiasm.

"The Lord Mayor and the City of Sheffield."

Mr. E. CASSETON ELLIOTT (Vice-President of the Society), proposing "The Lord Mayor and the City of Sheffield," eulogised the city's municipal services and educational system, and wished the Master Cutler success in his trade mission across the Atlantic. The members of the Conference, said Mr. Elliott, had had a wonderful time in Sheffield, and in the Lord Mayor they had found one of the most hospitable men in the North.

The LORD MAYOR (Alderman C. W. Beardsley, J.P.), who had a most cordial reception, expressed the hope for a general trade revival in which Sheffield would share. There still remained in the city some thousands of people who went to it when it was a great arsenal, and that was why Sheffield had been so badly hit in the trade slump. He urged Incorporated Accountants and Auditors to point out to their clients that valuable sites, which became vacant when the making of munitions ceased, were available there for all kinds of industries.

"His Majesty's Ministers."

Mr. THOMAS KEENS (Past President of the Society), proposing "His Majesty's Ministers," coupled with the toast the name of Mr. Arthur Greenwood, whom he described as an able, conscientious, diligent, and in every respect most capable Minister. Any man who gave of his best to the public weal, said Mr. Keens, deserved and would always receive from Incorporated Accountants a most hearty welcome.

Mr. ARTHUR GREENWOOD (Minister of Health), responding, said that he was neither an accountant nor an auditor, and did not believe that he was capable of handling money in detail. It was clear, therefore, that he was the last person in the world who ought to address an audience of people who lived toilsome lives, totting up sums of money and seeing whether it worked out right. But he was glad to be with them and he had a sufficient background of scientific knowledge to know that the science and art of accounting and auditing mattered far more to this nation to-day in its business and in its

government than most people imagined. He did not wish to make any criticisms of our great industries, but he thought that if those industries would take Incorporated Accountants a little more into their confidence and realise the importance of the detailed, scientific analysis of revenue and expenditure, British industry would be far more effective than it was to-day. Wasteful expenditure was not merely a loss in the difficult times through which we were passing, but it was a drag upon British industry. There was a good deal to be said for a more authoritative position for accountants and auditors in British industry. His special concern happened to be Local Government. He was responsible for the expenditure of £120,000,000 a year. The figure appalled him as a poor man who, one day, would be poorer than he was now. (Laughter.) The expenditure of the Local Governing authorities themselves had risen in the past half-century from 30 or 40 million pounds a year to the sum which they were now spending of £400,000,000 a year. There was need for the most vigorous scrutiny of items of expenditure and for real economy. He did not believe in some people's views of economy, but he did believe in getting twenty shillings' worth of value for every pound the public spent. In his experience the work which professional people like Incorporated Accountants were doing in both the national and the local services of this country had enabled local authorities to get far better value than they had got before. The members of that Society had played a great part in that work. It was a part which increasing national stringency in matters of finance made more and more vital, and that Society had done a great deal of good solid work in that connection—work conspicuous in its success, though perhaps not conspicuous in the public eye. Nobody occupying the office of Minister of Health could doubt the vital importance of the work which professional organisations were doing to professionalise the activities towards which local authorities must look more and more for the efficiency of their services. He wished to acknowledge what that Society had done to assist those engaged in the work of Government audit by welcoming them into the Society's ranks. Their profession, he thought, was rather a harried one. Its work would drive him crazy in less than 48 hours, and, as one who was given a scientific training from which he never profited—(laughter)—he had respect for those who had knowledge and were prepared to apply that knowledge to the public good. He respected their profession because it assisted those in national and local government to get greater value in the services designed in the interests of the people. Referring to the housing problem, Mr. Greenwood said he had put his hand to the plough and so long as he had breath in his body he should move that plough, in or out of office. If by their expert knowledge the Incorporated Accountants could assist the more economic and wise administration of local finance and resources, if they could by that release something and put more power behind the campaign for giving people decent houses, they were as much entitled to honour as he might be for any result from the Bill which he had been able to put on the Statute Book. Whether in industry, in banking, in national or local government service, Incorporated Accountants and Auditors were as much a part of the great public movement which was working in the interests of the people as Ministers of the Crown, or as Lord Mayors or members of local authorities. In this great community, struggling to-day against adversity and problems which nobody could have visualised ten or twenty years ago, there was need for a maximum mobilisation of all men and women of good will, whatever their avocations in life. There was at this hour in cur

national life a paramount need for a maximum of co-operation. He was glad that night to offer the hand of good fellowship to a body of people whom he regarded as an essential part of the national and local machinery of this country in the realms of government, industry, commerce, and finance. He congratulated the Society on the progress they had made and hoped that in developing, as they must develop, the professional spirit of integrity and desire for service, they would always regard themselves as part, with all the other great public services, of the army which was seeking to encourage human progress. (Applause.)

"The Society of Incorporated Accountants and Auditors."

Mr. RONALD W. MATTHEWS, J.P. (President of the Sheffield Chamber of Commerce), proposing "The Society of Incorporated Accountants and Auditors," said that the members of that Society had been described in the Press as "the watchdogs of commerce." He heard the other day a definition which he thought even more accurately described some of their functions. He heard the profession of accountancy described as combining the functions of midwife and undertaker to the industries of the country. Theirs was the privilege of bringing into the world the newly-born industrial undertaking. Theirs, too, was the melancholy privilege of laying it out and arranging for its decent burial, and it was perhaps a melancholy thought that of late years the interval between those two interesting events had been growing distressingly shorter and shorter. It was impossible to exaggerate the immensity of the service which their honourable profession had rendered to the industries of this country. He used the word honourable advisedly because to-day the profession of accountancy stood so high in the regard of the general public that an auditor's certificate was in the minds of all of them a definite guarantee of the respectability of the document to which it was attached. That fact involved them in a very great responsibility, a responsibility which he knew they fully realised, and which they would fit themselves to bear by every means in their power. Their aims and objects as set forth in the memorandum of association were "To provide a central organisation for accountants and auditors, and generally to do all such things as may be necessary to elevate the status and procure the advancement of the interests of the profession." In 1907, in the course of a dispute, the Court held that the designation "Incorporated Accountant" did mean a member of their Society and did confer on the members the privilege of being looked upon by persons who had dealings with accountants as holding a certain definite status indicating reliability and integrity. That was a great responsibility and a very proud heritage, and he was certain that all who were brought into contact with members of their profession were certain that that heritage would be guarded as jealously in the future as it had always been in the past. He wished to congratulate the Society on the acquisition of its magnificent new home. They in Sheffield had for generations prided themselves on a craftsmanship which he thought had no equal throughout the world, and they naturally appreciated that public-spirited action of their Society which had preserved for generations to come a monument of craftsmanship which it would be hard to equal anywhere in the world. He expressed the hope that in that splendid building their Society might enjoy countless years of prosperity and success. In a word of sincere congratulation to Mr. Henry Morgan on his admirable presidential address, Mr. Matthews said he hoped that the note of warning which the President had sounded, coming as it did from one

of the leaders of a body of men and women who had such unique opportunities of seeing what was going on in the vitals of industry, would meet with the response that it deserved. (Applause.)

The PRESIDENT, responding, said that Mr. Matthews' apt remarks, coming most appropriately from him as President of the Sheffield Chamber of Commerce, were much appreciated by the members of the Society gathered at the conclusion of what had been one of the most enjoyable and successful Conferences the Society had ever held. To their colleagues and friends in Sheffield he wished as President to say how delighted the members had been with their hospitality and thoughtfulness. Since visualising in the first business session of the Conference an increase in taxation next year, he had been asked if he could indicate what the increased rate would be. Needless to say, he should not attempt to make such a forecast, but he was wondering what impression amongst the public would be created if an attempt were made to increase Income Tax from 4s. 6d. to 5s. in the pound. The Prime Minister would be in a dilemma if the Chancellor of the Exchequer made such a suggestion. Perhaps the British spirit of compromise would be coupled with feminine intuition and the Minister of Labour would perhaps move that it should be 4s. 11½d. In view of industrial vicissitudes, Incorporated Accountants could but feel grateful that for the past two generations the record of the accountancy profession and of the Society of Incorporated Accountants had been one of continuous progress and advancement. There had been an increase in the responsibility of accountants by reason of the growing burden of taxation, for the adjustment of which both the Government and the taxpayer had to rely on their profession. This had been accompanied by an enormous development in Joint Stock Companies with which they were necessarily closely associated. There had been a marked increase in the numbers engaged in the profession. Twenty-five years ago few private traders and firms retained or employed accountants, whereas to-day it was the exception to find that such services could be dispensed with. Further, there had been a striking advance in the scope of the activities of the professional accountant. At one time regarded as being chiefly engaged in the keeping of accounts, the accountant now found much of his work centred in investigating the affairs of business undertakings, in advising on schemes of reorganisation, reconstruction and amalgamation, in acting as financial adviser to important concerns, and in the direction of company enterprise generally. (Applause.)

The President presented the prizes won in the men's golf competition, and the ladies' golf prize, won by the President's wife, was presented to Mrs. Morgan by the Lady Mayoress of Sheffield.

"Kindred Institutes and Societies."

Sir JAMES MARTIN, J.P. (Past President of the Society) proposed the toast to "Kindred Institutes and Societies." His remark that he had some part in the celebration of the foundation of the Sheffield Society of Incorporated Accountants 43 years ago was greeted with cordial cheering. Represented there that evening, they had the Institute of Chartered Accountants, the Chartered Institute of Secretaries, the Institution of Gas Engineers, and District Organisations of Societies in Sheffield, such as the Law Society, the Insurance Institute of Sheffield, the Sheffield Institute of Bankers, the Sheffield Architects' and Surveyors' Society, the Sheffield Society of Chartered Accountants, and the Sheffield Centre of the Chartered Institute of Secretaries. Coupling with the toast the name of Mr.

H. Fitch Kemp (President of the Institute of Chartered Accountants in England and Wales), Sir James said that 34 years ago the President of the Institute of Chartered Accountants was Mr. Charles Fitch Kemp, the father of the present President. He (Sir James) had, on behalf of the Society, a great deal to do with him and some of his colleagues, the result of their consultations being that a Bill was agreed between the Council of the Institute and the Council of the Society for the purpose of amending the law relating to public accountants in England, Wales, and Ireland. But that Bill, in his opinion unfortunately, did not meet with acceptance from either the members of the Institute or the members of the Society. It was rejected at meetings held in January, 1897, and was never introduced into the House. Had that Bill become law, the whole history of the profession of accountancy would have been settled more than a generation ago, but that night he should not have been supporting Mr. Henry Morgan as President of that Society, although it was just possible that Mr. Harold Fitch Kemp might have been President of the Institute. The reason he should not have been supporting Mr. Morgan as President of the Society was that had that Bill been passed by both bodies their Society would have ceased to exist; there would have been one body to govern the whole profession in England and Wales, at all events, and they would have been spared many of the troubles which they had experienced in recent years. But, after all, there were compensations in life and he, at all events, had no reason to quarrel with the fact that, by that which he regarded as a misfortune at the time, he had been able to serve the Incorporated Accountants during most of the years of his professional life. (Applause.) The year 1930 was the jubilee of the Institute of Chartered Accountants, and on behalf of the Society he offered not only to Mr. Fitch Kemp but to Sir William Plender, the then President, cordial congratulations on the brilliant celebration of that jubilee which had taken place in London. Sometimes the Institute of Chartered Accountants and the Society of Incorporated Accountants did not view matters altogether from the same standpoint, but they had learned the lesson of mutual regard and in that Society they endeavoured to emulate the Institute in upholding the true interests of the profession which were to be found in rendering the highest possible service to the public. (Cheers.)

Mr. H. FITCH KEMP (President of the Institute of Chartered Accountants in England and Wales), responding, said that Sir James had not in the least overstated the friendly feelings that existed between the Society and the Institute. It might be that on occasions questions of policy had arisen on which they had not been able to see quite eye to eye. But it was proverbial that doctors might differ on questions of importance without in the least affecting their good will towards one another and their mutual respect. Though in a sense the Society and the Institute were engaged in a friendly rivalry and each body must have an eye to the interests and advancement of its own members, there was one aim common to both of them which was fundamental, and that was to maintain the highest standard of professional competence, integrity and conduct, and so to enhance, if possible, the repute which they were fortunate enough to enjoy in the estimation of their clients and the public. (Applause.) At the celebrations of the jubilee of the Institute's Charter, many speakers referred with astonishment to the growth in the numbers and prestige of the profession of accountancy, having regard to its comparatively short spell of organised existence. But it had been well said that length of days

did not count so much as what one did in them, and he hoped he should not be accused of boastfulness if he claimed on behalf of their two institutions that in their generation they had done something to make a not inconsiderable or unworthy contribution to the general business life of the nation. (Cheers.)

"The Guests."

Mr. PERCY TOOTHILL (President of the Incorporated Accountants' District Society of Sheffield), proposing "The Guests," expressed a hearty welcome to all, representing as they did, he said, the governmental, civic, industrial, and professional life of the whole country. That gathering was indeed a happy augury for harmonious co-operation between large sections of the nation for the common good.

The Right Rev. L. HEDLEY BURROWS, D.D., D.Litt., Lord Bishop of Sheffield, responded.

SOCIAL FUNCTIONS.

Luncheon.

Following the first business session on Thursday, September 25th, the delegates were entertained to luncheon at the Royal Victoria Hotel by the Incorporated Accountants' District Society of Sheffield, whose President, Mr. Percy Toothill, was in the chair.

Proposing the health of the Sheffield District Society, Mr. E. CASSLETON ELLIOTT (Vice-President of the Parent Society) recalled that when the Conference was held in Sheffield 25 years ago the President of the District Society was Mr. Percy Toothill's father. The Sheffield Society was one of the best and most flourishing of the District Societies and was the second oldest. A feature of its work was to secure the attendance of lecturers of outstanding eminence, the lectures being arranged jointly with the local branches of the Institute of Chartered Accountants, the Chartered Institute of Secretaries, and the Institute of Bankers. The Sheffield Society had earned the gratitude of all attending the Conference for the admirable local arrangements. Mr. Percy Toothill, the President, was an indefatigable worker and a wonderful organiser.

Mr. PERCY TOOTHILL, responding to the toast, said that had his father lived to that day nothing would have given him greater pleasure than to welcome the Conference back to Sheffield. He paid a tribute to Mr. J. W. Richardson, the Hon. Secretary of the District Society, for the splendid work he had done locally for the Conference.

Mr. J. W. RICHARDSON, acknowledging the compliment, expressed his indebtedness to Mr. A. A. Garrett, the Secretary of the Parent Society, whose experience and knowledge had always been readily at his service, and thanked his own partner, Mr. C. H. Wells, for undertaking some professional duties to free him for work connected with the Conference.

Visits to Works.

During the afternoon of September 25th visits were paid to the works of Messrs. Walker & Hall, Limited, cutlery and electro-plate manufacturers, and to the works of Messrs. Thomas Firth & Sons, Limited, manufacturers of stainless steel. In each case the visitors were courteously received and entertained by the directors and members of the staff, and were shown the various interesting processes of manufacture.

Civic Reception and Dance.

There was a brilliant gathering at the Town Hall on the evening of September 25th, when the Lord Mayor and Lady Mayoress (Alderman C. W. Beardsley, J.P., and Mrs. Beardsley) gave a civic reception, concert, and dance in honour of the Conference. The 200 guests were received by the Lord Mayor and Lady Mayoress and the President of the Society (Mr. Henry Morgan) and Mrs. Morgan, and among those present were the Lord Mayor and Lady Mayoress of Norwich (Councillor and Mrs. Harper Smith) and Sir William Clegg (Pro-Chancellor of the University of Sheffield). On behalf of the members attending the Conference, Mrs. A. B. Griffiths presented the Lady Mayoress with a bouquet.

Visit to the University.

By invitation of the Vice-Chancellor of the University of Sheffield, members of the Conference, who held their second business session at the University, paid a further visit to the Institution on the afternoon of September 26th, when demonstrations were given by professors and lecturers in the Applied Science Department.

Golf Tournament.

The first golf competition connected with the Incorporated Accountants' Conference took place on the afternoon of September 26th, when members were entertained at the Abbeydale Golf Club, by the courtesy of the directors of the Club. Despite rain, the visitors greatly enjoyed playing on this fine course amidst the Derbyshire hills. The first prize, given by the President of the Society (Mr. Henry Morgan), was won by Mr. R. W. Craven, with a net score of 77. Mr. W. J. Pallot, with a net score of 82, won the second prize, given by Mr. Percy Toothill (President of the Sheffield Society). The ladies' prize, given by Mrs. Percy Toothill, was won by Mrs. Henry Morgan with a net score of 85.

Visit to the Peak District.

About a hundred members and their friends participated in a visit to the Peak District, which had been arranged by the Sheffield District Society. Although the weather was showery, the visitors were not inconvenienced. The party motored from Sheffield via Bakewell to Buxton, where luncheon was served at the Palace Hotel. At the luncheon the President proposed the toast of "The Lord Mayor and Lady Mayoress of Sheffield," who were present, and expressed the sincere thanks of the members for the civic welcome which had been accorded to them and for the kindness they had received from many of the principal citizens of Sheffield. The President said the Conference had been a complete success and expressed the indebtedness of the members and visitors to the President, Committee and Honorary Secretary of the Sheffield District Society and to the Secretary and other Officers of the Society. Mr. Percy Toothill proposed the toast of "The Visitors," to which a brief response was given by Colonel William Parker, D.S.O., President of the Chartered Institute of Secretaries. After luncheon, the party motored to Dovedale and afterwards to Baslow, where tea was served at the Peacock Hotel.

Obituary.

GEORGE BONNER.

We announce with regret the death of Mr. George Bonner, A.S.A.A., which occurred on August 31st last, at the age of 74. Mr. Bonner, who became a member of the Society in 1899, was for over 40 years in the service of Messrs. James L. & F. S. Oliver, Chartered Accountants, Newcastle-on-Tyne. He was also a director of the Newcastle-on-Tyne Globe Permanent Building Society.

GEORGE MILLER.

By the death of Mr. George Miller, of Liverpool, the Society of Incorporated Accountants and Auditors has lost a promising member at the early age of 43. Mr. Miller was admitted an Associate of the Society in 1923. At the time of his death he was a partner in the firm of Messrs. Louis Nicholas & Co., of Liverpool, to which he was admitted in 1925 after some years' service as managing clerk to the firm. Outside his professional work he was well known in cricket circles in Liverpool, and for the last two years was captain of the Sefton Cricket Club.

Reviews.

Secretarial Book-keeping and Accounts. By H. E. Colesworthy, A.S.A.A. London: Sir Isaac Pitman and Sons, Limited, Parker Street, Kingsway, W.C.2. (352 pp. Price 7s. 6d. net.)

Dealing first with the general principles of double entry book-keeping, the author of this book gives special attention to the accounts of public companies and the matters connected therewith which are likely to occasion difficulty, such as the issue of shares at a premium or a discount, the capitalisation of profits and reserves, and the reduction of capital. Separate chapters are also devoted to Royalty Accounts, Joint Ventures, Consignments, Branch Accounts and Hire Purchase Accounts. Numerous examples are given of the entries required to carry through the various transactions. These entries are always concise and easily understood, and the explanations in the text of the book are clear and specific. The volume is somewhat out of the ordinary routine of book-keeping publications, as it deals for the most part with items of a special character and is not loaded with matter which to the majority of readers would be common knowledge.

Manual of Secretarial Practice. 2nd Edition. By F. D. Head, B.A., F. P. Fausset, M.A., LL.B., and H. A. R. J. Wilson, F.C.A., F.S.A.A. London: Macdonald & Evans, 8, John Street, Bedford Row, W.C.1. (776 pp. Price 12s. 6d. net.)

This publication is issued under the authority of the Council of the Incorporated Secretaries Association and has been written by two of the examiners of the Association and a practising accountant. It is intended primarily for the use of the members of the Association, but is of course equally serviceable to other readers who are responsible for the carrying out of secretarial duties. The book covers the whole field of secretarial practice. The authors cite a large number of decided cases in support of the views which are expressed, an alphabetical table of these cases being given at the beginning of the book. The appendix contains the Stock Exchange regulations as to issues and official quotations, and numerous forms applicable to company matters.

Club Accounts. By C. A. Holliday, A.S.A.A. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (72 pp. Price 3s. 6d. net.)

A good deal of trouble has been taken by Mr. Holliday in compiling this book which, although small in bulk,

Copies of the Conference photograph, a reprint of which is published as a supplement to this issue, may be obtained from Mr. Walter Scott, North Parade, Bradford. The charge for each copy in black and white is 5s., and in sepia 6s.

contains a large amount of information including a complete set of ledger accounts with specimen entries showing clearly their inter-relation—a feature which is wanting in many publications but which is much more useful than lengthy explanations. The method of account keeping illustrated is based on the standard set of books designed by the United Services Fund for the use of clubs, and provides the particulars required to be filed by clubs registered under the Industrial and Provident Societies Acts.

Practical Auditing. 5th Edition. By Ernest E. Spicer, F.C.A., and Ernest C. Pegler, F.C.A. London: H. F. L. (Publishers) Limited, 17, Ironmonger Lane, E.C.2. (582 pp. Price 21s. net.)

For many years this book has been well known as a standard work on the subject of auditing. The present edition has been re-modelled in consequence of the passing of the Companies Act, 1929, the provisions of which are incorporated in the work in so far as they relate to the subject of auditing. The general scope of the book is not materially altered although there has been a good deal of re-arrangement.

Higher Book-keeping and Accounts. 4th Edition. By L. Cuthbert Cropper, F.C.A. London: Macdonald and Evans, 8, John Street, Bedford Row, W.C.1. (892 pp. Price 7s. 6d. net.)

The object of this volume is to bridge the gap between two other of the author's publications, namely, "Book-keeping and Accounts" and "Advanced Accounts," the idea being that one or other of the three text-books will meet the needs of the student whatever stage of advancement he may have reached. A feature of Mr. Cropper's previous publications has been that they are eminently practical, and the same is evident as regards the present volume. Amongst the subjects to which particular attention is given are Consignment Accounts, Joint Stock Companies' Accounts, and Partnership Accounts; also the book records relating to Hire Purchase, Royalties and Insolvency. The work is illustrated by examples with specimen entries where applicable, and these, as well as the forms and rulings, are interspersed with the text for easy reference. At the end of each section there are a number of examination questions to enable the reader to test his knowledge and to assist him in preparing for examinations.

The Company Registrar's Manual. 2nd Edition. By J. J. Quintivan. London: Sir Isaac Pitman & Sons, Limited, Parker Street, Kingsway, W.C.2. (348 pp. Price 10s. 6d. net.)

Those concerned with the Transfer Departments of public companies will find a great deal of useful information in this book. After describing the organisation of the Registrar's office, the author proceeds to set forth the procedure in relation to the transfer of shares, including certification, lodgment for registration, and issue of share certificates. Special points such as Dominion Probate and Death Duties, Dominion Register, Funding Certificates, &c., receive attention. Specimens are also given of numerous forms required in connection with transfer work. The Appendix to the book contains information with regard to Stamp Duties and other matters which come within the scope of a registrar's duties.

Super Tax and Sur Tax. 2nd Edition. By Charles H. Tolley. London: Waterlow & Sons, Birch Lane, E.C.3. (88 pp. Price 2s. 6d. net.)

This manual is intended to be used in conjunction with the author's Income Tax chart, and takes the form of an amplification of the information therein contained. The complications with regard to Super Tax and Sur Tax multiply year by year, so that it becomes increasingly difficult in all but simple cases to prepare accurate returns. Mr. Tolley's little book contains up-to-date information on all matters coming within the scope of its title, including Super Tax on companies' undistributed profits, and loans against insurance policies.

Income Tax: Back Duty Cases.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London by

MR. RONALD STAPLES,
Editor of "Taxation."

The chair was occupied by Mr. H. HEATHCOTE WILLIAMS, M.A., Barrister-at-Law.

Mr. STAPLES said: The term "Back Duty" is, as you know, fairly new in unofficial circles. For many years it was used in tax offices and at Somerset House, and was almost a household word in all official circles, but it is only within the last, say, four years that the term "Back Duty" has become a household word in accountancy. The phrase is a significant one, as the word "back" invariably implies that years prior to those for which it is still possible to make additional assessments are involved, and it may be well for you to make very clear the reason why this can occur. Very often the practitioner is met with the cry from his client, "But surely the Revenue cannot go back past the six years' limit!" The answer to that is—they cannot directly, but indirectly they can to an extent adequate to cover all their losses in the out of date years in nine cases out of ten, and the reason lies in the two-fold power given by the Income Tax Acts to levy penalties on the one hand and to mitigate them on the other.

It has often been remarked that the income tax penalty sections ought to be revised. We will consider them, taking them in numerical order. There are sects. 30, 107, 132, 139, 140, 146, 222, and 227. If that is not sufficient to frighten the taxpayer, I do not know what is!

Omitting altogether those cases in which deliberate fraud has been practised, we find that the back duty case arises purely in innocence, out of ignorance or mere negligence, and is open to action by the Revenue under sect. 107 and also sect. 222, which gives the Revenue power to mitigate penalties. This latter section is very important, as it is this that gives the Revenue their legal claim for bargaining with the taxpayer after the tax loss has been assessed, and for settling up in a lump sum. The power to enforce penalties without the right to mitigate them would leave the Revenue in a very different position. Sect. 107, strengthened by sect. 23 of the Finance Act, 1923, has been upheld in *Attorney-General v. Till* in the High Court. There has been much argument in the past, despite the existence of sub-sect. 2, as to whether this means four times the tax, namely, the tax itself plus penalties, or three times that tax, or whether the section supplants the charge in sect. 140 and imposes treble tax instead of simple duty. The point is hardly material, since even on the latter basis the penalty enforceable for each of the six years is usually far in excess of the amount of the tax under-assessed, but this does not explain the full scope and force of the section primarily designed to ensure making of a return of income. The section has been argued before the Courts under the decision of the *Lord Advocate v. McLaren* and *Attorney-General v. Till*. You all know that the Inspector of Taxes is very keen on talking about the *Attorney-General v. Till* back duty decision, and I would strongly advise you to read the whole of the judgment, because it cuts both ways.

Sect. 107 will operate against the taxpayer in almost any back duty case, and its penalties alone are sufficient for the ordinary case. Where they are not so, probably the Revenue will invoke sect. 30. Having arrived at the

stage where a given amount of tax has been proved to have been undercharged for many years, assessments of which are more than six years old, the Revenue talks largely of penalties incurred and then offers to settle their rights by mitigated penalties under sect. 222. It is not necessary that proceedings should have been actually commenced (*Attorney-General v. Johnson*), nor is there any specified limit other than the ordinary dictates of common sense for the extent of mitigation offered by the Board.

Directly the element of fraud can be shown to exist, fresh powers come into play, the first of which is sect. 30. This is directed against a claim for relief or allowance to which the taxpayer knows he is not entitled. Then there are other sections that have the effect of imposing a penalty though they are not penalty sections at all. The most usual is sect. 146, by which it is possible for the Commissioners who have made an assessment to increase their charge if the taxpayer cannot show that the original charge is not too low. In practice the extra charge would not be more than the amount of the actual undercharge. This section is grouped under the Appeal sections, and it would seem, therefore, that it can apply only on an appeal being made by the taxpayer. The really remarkable thing about sect. 146 is that it is up to the taxpayer to prove the absence of deliberate fraud, or contrivance, or gross or wilful negligence, instead of being incumbent on the Revenue to prove its presence.

The second of these semi-penalty sections is sect. 132, which is an added provision against fraudulent practices. This section is not invoked so often as the others, despite its covering any charges of wilful neglect, fraud or contrivance whatsoever, as in sect. 146. The decision lies absolutely with the General Commissioners before whom the proceedings are taken, and you will find they have no power to mitigate any penalty which may be imposed under that section. The penalty itself is a smaller one than in sect. 30, but the onus of proof lies with the official and not with the taxpayer. It is not surprising that sect. 132 is not relied upon very often by the Revenue for back duty purposes. One advantage from the Revenue point of view, however, is that there is no question of authoritative initial proceedings against the taxpayer by the Revenue, and no need for the formal procedure as prescribed by 221 in the real penalty cases. It seems to me a scandalous thing that the Revenue can simply go to the Commissioners and try to prove before them, men often with no accountancy experience, men who sometimes do not know the difference between a cash account and a balance sheet, that there has been fraud, and the General Commissioners can impose penalties against which the taxpayer has no power to appeal. It is a thing, too, which should be altered. Apart from the monetary penalties there is a provision for a term of imprisonment, not exceeding six months with hard labour, for giving false statements under sect. 227, and sundry drastic measures against persons aiding and abetting, but generally if a case is so serious that public exposure is contemplated and the defaulter refuses to make restoration the Revenue can rely on ordinary proceedings under the Perjuries Act, 1911. So that, all things considered, the authorities have many stringent remedies against the more common charges of fraud or gross or wilful negligence. The threat of both criminal and income tax proceedings together with monetary penalties, which, as we have seen, can be astonishingly heavy, with the power to stay these proceedings and mitigate the penalty gives the Revenue an extremely powerful weapon with which to secure the tax unpaid. The penalties, the extent of their mitigation and decision

as to instituting proceedings are entirely in the hands of the Board of Inland Revenue. The whole of these proceedings were brought before the Courts and thoroughly examined in the test case of *Attorney-General v. Johnson*, and whole-heartedly endorsed. I recommend you to read the test case of *Attorney-General v. Johnson*.

The taxpayer who has been under-assessed lies, as already mentioned, first of all to the six years limit, and on having that fallacy exposed he sometimes picks on sect. 140. Now sub-paragraph 1 of that section on a hurried reading certainly seems to imply that a man has only to render correct returns in order to be relieved of all penalties whatsoever, but the precise wording is:—"A person who has delivered a statement or schedule and discovers any omission or wrong statement therein"—and so on. Hence, before the immunity from penalties can be claimed there are two points to be satisfied, one arising from the statutory wording and one implied in it. The first lies in the word "person," for it is the person charged who must make the discovery, and not the Revenue officials. Most back duty cases start from inquiries made from the Revenue in some way or another, and it can hardly be said that the person who rendered the original incorrect returns in such cases has discovered his errors. The second is inherent in the word "discovers," for this is taken to imply that there is no question of evasion or fraud or deliberate negligence in the making of the original returns. Now sect. 140 is one that is giving a good deal of trouble at the present time throughout the country. I have come across cases where it has been tried on by taxpayers who have actually made fraudulently false returns. I have a case in mind where a taxpayer had kept two sets of books, but who awoke to the belief that if he made amended returns under sect. 140 he would be quite alright and the Revenue would not go on with the prosecution. I think it is pretty clear that if there is fraud the man cannot say that he discovered it. I think sect. 140 does sometimes apply. There are cases where I have known it to be applied. However, the Inland Revenue are not very keen on agreeing to give relief under sect. 140.

Now paragraph 2 of sect. 140 contains a good deal more hope. This paragraph simply states that any person who has not rendered a return within the time limit may do so, and that no proceedings for recovery or penalties shall thereafter be taken. If no returns have been made at all nobody can say they have been false, and if the person sends the correct returns for the six years he is immune from all penalties. There is no doubt about that.

There are three types of back duty cases, which may be described as (a) those arising out of investigation by the Inspector, (b) those arising from information given by outsiders, anonymous letters and so on, and (c) those arising out of the admission of the taxpayer himself.

As regards (a), the Inspectors have methods known only to themselves, by which evaders may give themselves away. A steady increase in the amount of investments shown in the consecutive returns, say, for five years, may be inconsistent with the apparent living expenses of a man and his family. The business profits must have been higher than those shown to afford the scope of the investments made. There may, of course, have been legacies or other capital received. Such a case as this would be one for investigation by the Inspector. Suspicions are also aroused by large assets, increased life assurance premiums and mortgages without apparent security. The increased investments and changes

in income afford the same possibilities in Schedule D returns. Many of the seemingly unnecessary, futile, inquisitive questions raised by Inspectors are really directed to testing the case for signs of back duty. The appearance after a poor year's trading of additional capital paid in out of previous profits invested and not fully disclosed, and a qualified certificate by the auditors may be the primary cause of investigations having fatal results in the case of a trader who does not offer facilities for a full audit.

A keen Inspector carries in his mind details of daily sights such as well patronised shops, numbers of delivery or cartage lorries seen about, extension and rebuilding of premises, advertising outlay in local or daily Press, &c. He gets extracts from speeches and some sort of information as to Government contracts. Again, experience shows that there must surely exist some system of exchange of points of interest between tax offices.

There is quite a good deal of fun about back duty but sometimes back duty has both sides—the pathetic and the amusing side. I remember a certain gentleman once came to see me and told me that his income was only about £200 a year—it could not be more. I asked if he could prove it. His only book was a takings book which went back three years. It was Friday afternoon when he came and I said, "Look here, come up on Monday and bring your book." "Make it Tuesday," he said. "No, I'm engaged on Tuesday—I can see you on Monday at 3 o'clock." On Monday at 3 o'clock he came up and put a book in front of me. Directly I opened it I could see it had all been newly written up. Do you know that chap had spent all the week-end writing up the book—a brand new book, as I could see, but I could not nail him down to it. I got a diary and I looked back three years and found out which were Sundays—his Sunday takings were very much less! I turned up Bank Holidays two years ago—just a little bit less than usual and altogether everything in the garden was lovely! While I was turning over the pages I looked at the back of the book and saw the little tab—you know, "sold by so and so." There was a firm of publishers in that part of London we will call Brown & Brown, and three months previous I had worked their accounts. They had turned their business into a limited company, and in this book was a little tab—Brown & Brown, Ltd. They had only been a limited company three months! I said, "Now, when did you write this up, you have kept the book very clean." He said, "Yes, I've been most careful about that—I kept it wrapped up in brown paper." He had looked after it most religiously. I warned him. "Look here, Mr. Blank, I'm not a hard sort of chap, but if you go on like this you'll go to prison, because I don't believe you." "You don't believe me?" And then I called his attention to the end of the book. The poor chap burst into tears; absolutely broke down. Anyhow, his case was settled for £350. I had forgotten all about it, when three months later the gentleman came in and asked to see me. He was accompanied by another gentleman, and he told me he had been in a mental home for three months; the affair had so upset him. This was his first time out, and he came to thank me for my "keeping him out of prison"! Three months later he came again, but alone this time. He had vowed that his first outing was to be to bring me a box of cigars. Now, in spite of all rules about accepting gifts of money, &c., what would you have done about that box of cigars? I won't tell you what I did.

There are countless other ways arising out of odd facts such as a change of auditors, removal of private address, and Bank of England notification of War Loan

holdings. That is a scandalous thing and I do not think it should be allowed at all. It is private information, and although everything should be done to bring the defaulting taxpayer to book, I do think that is outside the pale. Many hundreds of back duty cases, as you know, have been brought about in the same way, and it simply amounts to this—that the people who took up this War Loan thought it was free of tax, and when the Inspector asks for penalties in these cases I strongly advise everybody not to give a penny. The Board of Inland Revenue will not press for them.

The practitioner has a very difficult role to carry out and the utmost of his tact and sympathy will be called into play for success in fulfilling his obligations to his client, profession, and the Exchequer. The client will be very resentful at the whole affair, suspicious of the direction in which his adviser's sympathies really lie, and prone to an attitude of passive resistance.

When the existence of under-assessments is discovered by the practitioner in the course of his audit, the matter is one of extreme difficulty. To me the fundamental position seems to be that the relationship of employer and employee, or alternatively, in some cases, of principal and agent exists between the taxpayer and his accountant.

It is an old-established rule confirmed by argument and judicial authority, that a man is not entitled for his own personal benefit to make use of information acquired by him when following his duty to his employer. The difficulty felt by most practitioners is that they have their duty as an employee, a larger one as a citizen, and that when the two diverge they must be citizens first and employees afterwards. To that view I strongly dissent. I realise that in some cases the citizen's duty must prevail, as for example, in the case of murder, but except when the law overrides the relationship between employer and employee so that disclosure is imperative, there is no warrant whatever for betraying the employer. His duty as a citizen seems to me completely fulfilled if the practitioner draws the attention of his client to the under-assessment discovered, and uses arguments to move him to disclose the matter to the proper authority. His honour as a citizen is probably satisfied if, in default of disclosure to the authorities, he refuses to work further for the client. It seems to me that if a practitioner threatens, he is blackmailing his client, and the fact that the blackmailing may be on the part of the nation as a whole does not alter the case at all. If asked for his reason for withdrawal from a case the practitioner should refuse to give the required information. The most satisfactory way would be simply to refer the Inspector to the client direct.

A consideration of the views I have expressed will indicate the nature of under-assessment. The amount and cause may govern the attitude of the practitioner to his client, and in any event determine the arguments brought to bear upon it, but should do no more. It is a matter for the client to say whether he will point out a particular mistake made, whether he will disclose fraud or sharp practice.

Further considerations perhaps apply when the taxpayer is a limited company and the auditor has a duty to perform to the shareholders. His duty is to see whether the balance sheet put before the members shows the true position of their business. If there are contingent liabilities which are not provided for, must he not say so in his report to the shareholders? It may be that the under-assessment took place in years now out of date, that none have occurred for years in date, and in such a case it seems that no comment in the report will be called for, but otherwise it seems that a comment must be made.

In the case of voluntary disclosures I would like to call attention to the *Johnson* case. Mr. Justice Rowlett's remarks are really worth reading. When the Inspector has succeeded in proving a case for further charging the taxpayer the immediate difficulty is the method to be adopted. The ideal thing, of course, is the preparation of accounts for all the years concerned. Nothing could be quite so satisfactory or conclusive as a profit and loss account and balance sheet, provided they are accurate, but the cases where these can be used are rare, and, indeed, they would point to deliberate evasion on the part of the taxpayer, for accurate accounts could only be prepared from accurate records, and the man who so deliberately understates his income is going to have a very unpleasant journey before his back duty is completed. The official would easily be able to make hay of an amateur effort where in a small case incomplete records are returned, and would either demand that an auditor be consulted or would compile a formidable statement which, when presented to the taxpayer, would produce the same result. The practitioner on taking up the case may not dare to attempt the preparation of the early accounts, but a very common method is a compilation based entirely upon bank pass books, the taxpayer's memory and general statements. In the absence of anything better, such a course has its merits, but is open to attack, and after experiencing such an attack both may well wonder whether any useful purpose was really served by the work done. The foundation of the thing must be the bank pass book, which is anything but a comprehensive, clear record. It is very difficult to get a complete statement from your client as to the number of banking accounts he has had. It is rather a chestnut, but quite true, that a certain gentleman who paid back duty in the Midlands had given a certificate that he had only five banking accounts and he sent a cheque for settlement of duty of some thousands of pounds drawn on a sixth bank!

Every practitioner will judge for himself from the particular features of the case as to whether it is worth while attempting to compile accounts from such data as are available, but there are many practitioners who are content to adopt the method invariably used by the Revenue themselves as the chief indicator of profits. This method consists of comparison of the capital value of the taxpayer's assets of all sorts at the two different dates between which undercharges of tax are believed to exist. The practitioner will be asked by the Inspector to supply a detailed statement to show—(a) the worth of client at a given date, and (b) the actual dates and cost of all investments and increases of assets generally from that starting point up to, say, December 31st, 1929. To this will be added a request for a certificate to the effect that the taxpayer has disclosed to his adviser every source of income possessed and every investment or asset of every description, whether immediately productive of income or not. Most taxpayers by the time investigation into their past reaches this stage will be willing enough to give information on which a certificate can be signed. There is none the less considerable risks of omissions. Such an item as £500 of War Savings Certificates is a source of trouble. A case has just passed through our hands of a man who made a voluntary disclosure and the whole thing was settled at £3,000. It came to the knowledge of the Inspector through a maid in the house of the taxpayer, who had been sacked, giving away the fact that the mistress had £500 in War Savings in her name. The Inspector tackled the taxpayer, but the taxpayer knew nothing at all about it. His wife had accumulated them out of her housekeeping money and said nothing. The whole case had to be re-opened because the taxpayer

did not know the £500 was there to be disclosed. It may be taken for granted that a complete list will not be obtained as a result of a first inquiry. Once a complete list of assets has been compiled, a statement must be prepared showing costs of acquisitions and details as to purchases of shares or War Loan. Almost of the same importance is the question of loans made to the taxpayer during the period. A loan existing, say, in 1910, and repaid by the taxpayer in 1915, may be quite a different thing from the same amount lent in 1914 and repaid in 1919. Another point to watch is the increase in plant and equipment which in some cases may amount to a large sum.

Trouble in an acute form arises when it is necessary to state that such and such a sum was held personally in the form of cash in 1910 and was banked at a later date. It is undoubtedly true that the number of men who have hoarded money in the house is very much larger than anyone other than an income tax practitioner could believe. Certainly Inspectors do not believe it. I have had cases through my hands where I know the men have had five or six thousand pounds in the house in actual notes, and I know one man who quite recently took a suitcase to the bank absolutely loaded with notes. If you told an Inspector that, he would say, "Tell me the old, old story!" We know it is an actual fact that many people do hoard money. You know that practically every taxpayer who passes through your hands as a back duty case, says "Oh, but I had £2,000 when the war began—kept it up in the bedroom." It is very difficult to get any real proof, however, and many Inspectors will not accept the word of the taxpayer, even if he is obviously speaking the truth, but you have got to take his word sometimes.

Just one word as we are passing. If an Inspector really does stand on his feet and refuse to move, and you are convinced he is wrong, it is not at all a bad idea to write to the Secretary of Inland Revenue on that particular point. Do not complain of the Inspector, but state your case, and the Secretary will often cause a move.

Now we will pass on to the question of offer. The things to be considered in determining the amount to be offered are numerous. The first is: what penalties can actually be imposed? The second is: what will the Revenue do? I always think that practitioners generally overlook that second point, and the second point is in many cases the first to be considered. What will the Revenue do?—what steps are they likely to take? It is not generally appreciated sufficiently that the Revenue must look at this thing politically. I am not referring to party politics. They want to see if it is policy to have a man before the Court. If you get hold of a case with some genuine sob stuff behind it, where the man has some really good points in his favour, you will find that in 99 cases out of 100 the Revenue will not prosecute and it does not matter what they *can* do, but what they *will* do. The third point is, supposing the Revenue Authorities do institute proceedings, are they likely to be successful? What *can* they do? What *will* they do? Will they be successful if they do the worst?

If excess profits duty is involved you have to find out whether fraud or wilful default is present. That is an important point. An Inspector of Taxes will say to the practitioner, "I say, there is excess profits duty of £2,000; we shall raise the assessments." I think practitioners have got to be strong on that point. The authorities cannot make excess profits duty assessments unless there is fraud or wilful default, and I think the accountancy profession has to stop this. The legislature has decided that after a certain date no excess profits

duty will be levied, and I think it is up to practitioners to see that that is backed up.

Another thing to remember is that an Inspector is only an intermediary between the taxpayer and the Board. The Inspector draws up his report, but it does not stop there, and he does not immediately recommend that the man be prosecuted. Even if he threatens it, it does not mean to say he will do it. The matter will go through about ten hands. The first man will say, "No use prosecuting this man, people would say we were hard and unfair." "If we prosecute here the solicitor will say that there is a flaw here and that the Inspector has made a mess of this," and so on.

Having considered all points, it is my experience that it is well to obtain an interview with the Inspector of Taxes, with a view to going over the ground generally. It is usually possible to obtain some idea of the light in which he regards the case. In all but exceptional cases the Inspector insists on an interview with the defaulter personally, and although the practitioner is present and his assistance may be available to his client, the defaulter is expected to do most of the talking. He usually does well not to say more than he can possibly help. The practitioner must do his best in most cases to keep his client away from the Inspector. As a rule Inspectors are pretty reasonable and fair, but they are trained to look only at the Revenue side. They don't get any training on the other side, and the trouble is, they look upon every back duty case as a penalty case. As soon as they start inquiries they mark it down in their minds as a £1,000 or a £10,000 case. It may be nothing of the sort.

Discussion.

MISS A. M. H. STOKES: For years past a client of mine has made wrong returns in ignorance that legitimate expenses incurred in earning profits could be deducted. Assessments are being reopened for four of the years, but the Inspector refuses to consider any alteration in assessments for the two years in which my client, through illness and being abroad, made no returns. In those two years the assessments were £200 and £300 more than they were in previous and subsequent years.

MR. G. R. PRIDIE, Incorporated Accountant: We have certainly listened to a very interesting and live lecture to-night on a subject which teems with perplexity. Personally, I am much interested in the question of back duty, as, at the moment, I am handling a case in reference to which the official negotiations arose over two years ago, and it is only quite recently that some form of settlement began to shape itself. This case emanated from the voluntary action of a taxpayer in disclosing to the Inspector of Taxes that, in fact, material errors had occurred in his previous returns. The taxpayer in question was in business for a considerable number of years, but left practically the whole of these matters to the care and attention of his senior clerk, who was a trusted servant. Unfortunately, after a fairly long career, the said clerk defaulted, and as a consequence of the defalcations my firm was called in to investigate matters, and in the course of investigation discovered that our client's returns for income tax had been sent in on an entirely wrong basis. We advised our client to disclose the fact to the Revenue Authorities, and on his behalf we claimed that permission should be granted to amend his returns for the six years prior to the year of assessment in which the discovery was made. Sanction to amend was duly granted, but some controversy arose over the amended figures because (prior to pressure being brought to bear) the Inspector of Taxes disallowed, as a charge against the business profits, the amount of the ascertained defalcations. This difficulty, however, was duly adjusted, but the point which I am interested in is this: that the Inspector, apparently in order to satisfy himself as to the circumstances of the defalcations, traced the defaulter

and had him up in his office—"put him on the carpet," as it were—and, as a consequence of the information thus obtained, the Inspector admitted as an allowable charge against the profits the amount of the defalcations less a proportionate sum, which had been subsequently recovered from the defaulter's relatives. This is a little inside view of how careful Inspectors are in their internal investigations as to the alleged facts in back duty cases. At a later date, a schedule of proposed additional assessments was sent to my office, and I found, on scrutinising the schedule, that it covered a period of seven years, to which I demurred, but the Inspector wrote again rather pressing my firm to accept the figure. However, on his attention being drawn to the section of the Act under which it was not possible for more than six years to be subjected to additional assessments, the Inspector wrote agreeing that that was the case, but stated that he had inserted the first of the seven years in order to draw attention to the fact that the accounts showed material error relative to that year, and he (the Inspector) desired that this should be taken into our consideration when determining the question of a settlement of back duty. So far as my firm is aware, up to the present time no question has been raised of any penalties or proceedings being taken for recovery of same. I should be glad if the Lecturer could give any indication as to how soon, or at what period of the proceedings, must the Inspector's office indicate either that penalties have been incurred, or that it is the intention of the Authorities to institute proceedings for the enforcement of same. So far, the whole of negotiations have run along quite friendly lines, and, as I have already mentioned, the investigation originally started solely as the consequence of a voluntary request of the taxpayer to amend erroneous returns. A somewhat curious point which also arose in the same case was that of ascertaining the correct computation for liability in respect of the last one of the six years, as, during that year of assessment, our client had disposed of his business as a going concern and retired. Certain calculations were sent in by the Inspector, to which we did not agree, but we were informed that the Inspector's computation could not be upset because the Commissioners had agreed to it. To this we objected as, in our view, the Commissioners could not agree to any figures binding upon our client without our knowledge and consent, and the Inspector then reconsidered his computation and finally accepted the basis of our calculations.

MR. STAPLES: There seems to be no possible line drawn by the Revenue Department as to when they are likely to give notice that they are going to take proceedings or take any other action. A case came before me within the last month which had been going on for five years and for three years it had been lost in the Inspector's office. I got a clerk to count the questions that had been asked from the Inspector's office and I found that 700 independent questions had been asked by the Inspector on this particular case. You can see therefore that very little can be said as to any uniformity of practice. I have told you this evening of cases that have been in my office where, after an hour or two, cheques have been left in settlement. But if the question of six years expires, I think the question of penalties expires with the six years. In the case Mr. Pridie has mentioned, there is not much doubt that the Revenue Authorities would not dream of asking for any real penalties. They may possibly ask for interest, and they may possibly ask for the seven years, but I think if Mr. Pridie told them that under no circumstances whatever would his client pay more than the six years, that would be a reasonable solution to that particular case. That is the line I should adopt if I were dealing with it. Mr. Pridie's case rather raises the question of sect. 140, and I think our learned Chairman might possibly say more about that than I can. The point, however, is whether if a man whose agent makes false declarations, signs those false declarations, he can later be regarded as having discovered the falsifications in his own returns. I should very much like to hear what the Chairman has to say

on that point. I have my own very definite views upon it, and I would rather like confirmation or otherwise.

Mr. PRIDIE: I might mention that in the case I referred to, the signature to the returns was that of the taxpayer himself, but the forms were prepared by his defaulting clerk.

Mr. STAPLES: I presume that in that case the taxpayer would sign anything that was put before him by his confidential clerk.

Mr. ANDREWS: Can the Revenue make a charge for interest on back duty? I had a case the other day in which the interest came to about £50.

Mr. STAPLES: They have no statutory power. If you read the case of the *Attorney-General v. Johnson* you will see that that deals with the whole question of interest.

Mr. ANDREWS: An Inspector of Taxes put it up to me that if I put in accounts signed by a client I was responsible.

Mr. STAPLES: No; that is not reasonable.

Mr. J. AUERBACH, Incorporated Accountant: I happen to know of a business which has been established for some considerable time—more than six years—and it is now proved that the assessments made by the Inspector of Taxes were inadequate. Moreover, fraud has been committed by the taxpayer. Can additional assessments be raised now for the period previous to the six years? Another point is, when you come to settle the figure payable to the Revenue, the loss of tax may be £5,000, and the Inspector suggests a figure of £7,000 or £8,000. When it comes to a question of the Inspector saying £7,000 and you saying £5,000, can you disregard the Inspector and take the matter up direct with Somerset House?

Mr. STAPLES: Under no circumstances can assessments be made for a period previous to the six years. Certainly, you may communicate direct with Somerset House if you think you are justified in doing so. With every respect to the Civil Service and the Inspectorate, in some cases we do find black sheep in that fold, and we find on some occasions that Inspectors stand on their dignity and refuse to send a particular offer to the Board of Inland Revenue. Under no circumstances should you stand that. If you think you have made a fair offer, insist upon the Inspector sending it, or send it yourself to the Secretary of the Board of Inland Revenue.

Mr. AUERBACH: Could you give me an idea of what is deemed a fair offer?

Mr. STAPLES: No, I am afraid that is too much to ask; it depends entirely on the circumstances. There are so many circumstances that enter into the consideration that it would be quite impossible to state what is a fair offer.

Mr. AUERBACH: In the case I have in mind, it was the fault of the Inland Revenue, because they made silly mistakes when they assessed the person. They are really to blame.

Mr. STAPLES: They would not admit it.

Mr. ANDREWS: In another case with which I am dealing a solicitor sent in accounts which did not balance, and I had to send in accounts which did balance. Would that be considered a voluntary disclosure in the case?

Mr. STAPLES: I think that would be regarded as a voluntary disclosure.

Mr. J. A. PLUMPTON, Incorporated Accountant: On this question of six years, I take it that it only refers to a case where the taxpayer does not send in a return, or when he is not asked for a return. The actual fact is that the Revenue do go back beyond six years. I am going to suggest that in some cases they can do so indirectly—on a question of fraud, for instance. I do not think there is any limit of six years in the law regarding fraud.

Mr. STAPLES: Any assessment that they made for more than six years would be void, and no penalty proceedings can be taken under the Income Tax Act for more than six years.

Mr. PLUMPTON: I am inclined to think that if it is a fair sum the taxpayer would usually pay it.

Mr. STAPLES: It seems only reasonable that the Revenue should be put in the position it would have been if the taxpayer had done his part.

The CHAIRMAN: At this hour of the evening I have no intention, while expressing admiration for the lecture, of attempting to gild the lily. The morals to be drawn are: to be honest and employ a qualified auditor. I think our Lecturer adopted a very benevolent attitude, having regard to the fact that he himself was once an Inspector. The view I take is that you must distinguish from the principle recognised by the present Lord Atkin, then Lord Justice of Appeal, when he said there was nothing unlawful and certainly nothing disgraceful in a taxpayer doing all he lawfully could to evade the payment of tax. That is a well known principle of English law, although, if you take it on a higher moral plane, it might be doubtful whether a citizen was right in endeavouring to avoid helping the State along in its schemes of progress. But I do think one can get into the habit of regarding the Revenue Authorities as being unduly oppressive in these back duty cases when in reality they are acting, perhaps, not in the interests of the particular offender, but in the interests of the rest of the community. And I am not so sure that, on the whole, their attitude is not more or less in the interests of the particular offender, because supposing there was no discretion residing in those in authority at Somerset House and there was a statutory obligation upon the Revenue Authorities to prosecute, I am quite sure people would feel very much more uncomfortable if they had to go to the Courts and undergo all the publicity of a public prosecution instead of coming to an amicable settlement under which they have merely to pay up money. Personally, my sympathies are not with the offenders, and in my opinion you must go beyond putting the State in the same position as it would have been in had the man made a proper return. I think in the circumstances the State is fully justified in imposing a penalty. But I suggest that the same powers which have been given the Revenue Authorities by the State, enabling them to get their money without, first, a prosecution, should also be given to the private individual whose servant has stolen money from him. If a person has stolen money from you, you cannot bring a civil action against him until you have first prosecuted him on the criminal charge. In Scotland that is different. It would mean that at least one anomalous distinction between a misdemeanour and a felony could be removed, but that would be all to the good.

The Lecturer referred to the phrase "semi-deliberate negligence." Well, that, I think, is an action, or state of mind or intention, whichever you like to call it, on the part of an offender which really cannot have the sympathy of the law. The law must deal with either the expressed intention of the offender, or what is *prima facie* the implied intention of the offender. If a person makes out an account; or it is made out for him and he signs it, it must be implied that he knew what was in that statement and that he thought it to be true, otherwise every offender would be able very easily to evade the proper penalties which the law imposes, not for the mere evasion, but for the fraudulent evasion of his statutory obligations. We have a phrase which is used in pleading, that a person has made a statement which he knew to be false, or was so reckless as not to care whether what he said was true or false. I think if a man in such circumstances says: "I did not know" or "I was ignorant," you may generally suspect he was reckless within that definition, and the Court should be reluctant to have sympathy with a man of that kind. You should impress upon everybody that if they have any doubt, they should, of course, consult a lawyer, but with the courtesy which one honourable profession extends to another, I suggest that they should always seek the advice of a member of the Society of Incorporated Accountants and Auditors.

On the motion of Mr. LEGGE, seconded by Mr. PRIDIE, the Lecturer was warmly thanked for his lecture. The Chairman was also thanked for presiding.

District Societies of Incorporated Accountants.

LEICESTER.

Annual Report.

The Committee have pleasure in presenting their report on the work of the Society for the year ended April 30th, 1930.

LECTURES.

The following lectures have been given:—

"Duties and Liabilities of Auditors under the Companies Act, 1929," by Mr. W. H. Grainger, F.S.A.A. *Chairman*: Mr. R. M. Branson, F.S.A.A.

"Income Tax—Departures from the Normal Basis of Assessment," by Mr. R. V. Rodwell, F.C.A. *Chairman*: The President.

"Consequential Loss Insurance," by Mr. E. L. Butler, F.C.I.I. *Chairman*: Mr. H. T. Millman, F.S.A.A.

"Company Liquidations under the Companies Act, 1929," by Mr. E. Westby-Nunn, M.A., LL.B. *Chairman*: Mr. O. N. Holmes, F.S.A.A.

"Equitable Apportionments," by Mr. C. A. Sales, LL.B., F.S.A.A. *Chairman*: Mr. W. H. Rhodes, A.S.A.A.

"Typical Examination Questions in Accountancy," by Mr. E. Miles Taylor, F.C.A., F.S.A.A. *Chairman*: Mr. G. W. Sparrow, F.S.A.A.

"Income Tax—Recent Changes in Law and Practice," by Mr. P. Kelly, H.M. Inspector of Taxes. *Chairman*: Mr. O. A. Watson, A.S.A.A.

"Holding Companies and Their Accounts," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. *Chairman*: Mr. F. Dixon, A.C.A., A.S.A.A.

Mr. Grainger, Mr. Westby-Nunn, and Mr. Miles Taylor also gave their lectures in Northampton, where they were much appreciated.

Two luncheons were held early in the session, viz. on September 17th, 1929, with an address by Mr. L. W. Kershaw, Principal of the Leicester Colleges of Art and Technology, and on October 22nd, 1929, with an address by Mr. L. E. Lavis, A.I.P.A. Both were much appreciated by those present, and the Committee regret that the small attendance did not justify them in arranging further meetings.

The Committee wish to place on record their best thanks to the Lecturers for their services, and to the Chairmen for their hospitality.

MEMBERSHIP.

At the close of the year there were 110 members and 81 students.

EXAMINATIONS.

The Committee extend congratulations to those members who were successful at the Society's examinations held in May and November, 1929. Fifteen passed the Final examination and fourteen the Intermediate.

LIBRARY.

The Committee have considered the question of bringing the Library more up to date, and are advised that the small use hitherto made of the books available is due to the facilities granted to students by the coaching institutions. It is proposed that the Society acquire works of reference only, which may not be removed without the permission of one of the officers.

The Committee appreciate the action of Messrs. Kilby and Fox in providing accommodation for the Northampton Library at their offices in Market Square.

DISTRICT SOCIETIES SCHEME.

The allocation of Northamptonshire and Rutland to this Society has been agreed to by the Committee, and the scheme is working satisfactorily.

In accordance with Bye-Law 24 of the Parent Society's Articles, those students not already admitted to membership should apply to the Secretary without delay.

REPRESENTATIVES.

Mr. O. N. Holmes and the Secretary attended a Conference of representatives of District Societies at Incorporated Accountants' Hall on May 20th, 1930.

Mr. F. W. Clarke is representing the Society on the Leicester Local Savings Committee of the National Savings Movement.

Mr. F. W. Fox and Mr. R. M. Branson have been appointed to the Commercial Advisory Committee of the Leicester Colleges of Art and Technology.

RULES.

A draft form of Model Rules for District Societies has been drawn up by a special Committee appointed at the District Society Conference in May last and a copy will be issued to members and students as soon as the complete form has been approved.

ANNUAL DINNER.

The date of the Society's First Dinner has been provisionally fixed for March, 1931. Details will be issued to members in due course.

Suggestions affecting any part of the Society's work will be welcomed by the Committee and should be addressed to the Hon. Secretary.

LIVERPOOL.

Annual Report.

The Committee has pleasure in presenting the report of the work of the local Society for the year ended April 30th, 1930.

LECTURES.

The following Lectures have been given:—

"Procedure in an Action at Law," by Mr. F. Raleigh Batt, LL.M., Professor of Commercial Law, University of Liverpool.

"The Assessment of Industrial Property," by Mr. Myles Dixon, Fellow of the Surveyors' Institution.

"The New Company Law," by Mr. Harold Brown, M.A., LL.B., Barrister-at-Law.

Visit to Messrs. W. & R. Jacob & Co.'s Aintree Factory.

Ten Minutes Papers by Members.

"Carriage of Goods by Sea," by Mr. V. D. Heyne.

"The Formation of a Public Limited Company," by Mr. G. Cameron Ollason, C.C., F.C.A.

Joint Debate with the Liverpool Chartered Accountants' Students' Association.

"Present Day Industrial Development," by Sir Charles J. O. Sanders, K.B.E.

"Practical Insolvency Administration," by Mr. John Airey, F.S.A.A.

"Income Tax Claims," by Mr. Lawrence Bailey, A.S.A.A.

Impromptu Speeches. President's Prize.

Unfortunately it was again impossible to arrange the Mock Income Tax Appeal, but instead of this a competition, confined to the younger members, was held for the best impromptu speech of five minutes duration. The speeches, chosen beforehand, were ballotted for by the competitors. Prizes were won by Mr. M. D. Walker, Mr. W. R. Booth, and Mr. T. H. O'Brien.

The visit to Messrs. W. & R. Jacob & Co.'s Aintree factory was greatly enjoyed by all who attended, and the thanks of the Society are due to Messrs. W. & R. Jacob and Co. for their kindness and hospitality.

The special classes for students arranged to enable those sitting for their examinations to revise their work were again held and proved very successful. The Committee's thanks are due to the Lecturers, and also to Messrs. W. E. Nelson & Co., and Messrs. Langton and MacConnal, for the assistance given in connection with these classes.

The Committee wish to place on record their appreciation of the services of the Lecturers during the session, and of the facilities placed at their disposal by the Reform Club.

In March a day excursion to London was arranged to inspect Incorporated Accountants' Hall. A large number of members took advantage of the arrangements made, and were kindly received by Mr. and Mrs. Garrett at the Hall, and entertained by them to tea. The visit proved most enjoyable.

ANNUAL DINNER.

A dinner was held in January at the Adelphi Hotel, at which the Lord Mayor of Liverpool and the President of the Parent Society were present. There was a good attendance, and the event was a great success.

EXAMINATION RESULTS.

At the examinations held in May and November, 1929, twelve students were successful in passing the Final (one with Honours), eleven the Intermediate, and eleven the Preliminary.

Mr. Alan Standing continues to represent the Society in the Liverpool Chamber of Commerce.

NOTTINGHAM, DERBY AND LINCOLN.

Annual Report.

The Committee has pleasure in submitting its 21st annual report and accounts for the year ended April 30th, 1930.

MEMBERSHIP.

All Fellows and Associates of the Society of Incorporated Accountants and Auditors within the area allocated to this District Society are *ipso facto* members of the District Society without payment of further subscriptions.

All students who have passed the Parent Society's Preliminary examination or its equivalent must join the District Society, the entrance fee being five shillings and the annual subscription, payable in advance, 7s. 6d.

The membership at April 30th, 1930, was:—

Fellows and Associates in practice	51
Associates not in practice	41
Students	85

177

The reduction in the number of Fellows and Associates is due to the transfer to the Sheffield District Society of parts of North Nottinghamshire and Derbyshire area.

REVIEW OF THE SOCIETY'S WORK.

During the session seven lectures were given in Nottingham.

The annual dinner was held at the Victoria Station Hotel, Nottingham, on November 29th, 1929. Mr. F. A. Prior was in the chair, and Sir Edward Harrison, Chief Inspector of Taxes, Mr. Henry Morgan, President of the Parent Society, and a large number of guests and members were present.

The Secretary attended the Conference of Representatives of District Societies in London.

The Library has not been adequately used owing to the lack of new books, and steps are being taken to bring it up to date.

EXAMINATIONS.

Three students were successful in the Final examination of the Parent Society, and ten in the Intermediate, and the Committee tenders its congratulations to the candidates. Mr. I. Little obtained eighth place in the May Final examination.

SOUTH WALES AND MONMOUTHSHIRE.

Annual Report.

The following are extracts from the thirty-fifth annual report for the year ended March 31st, 1930:—

During the year Mr. T. N. T. David, B.A., F.S.A.A., who had been the Hon. Secretary since March 31st, 1928, found himself compelled, owing to pressure of professional engagements, which necessitated his being away from Cardiff almost the whole of his time, to resign the position. The Society wishes to place on record its appreciation of his services during the two years that he acted as Hon. Secretary.

It is with a keen sense of regret that the Society has to record the tragic death of a very promising young member in Mr. Philip David Browne, who was killed in a motor cycle accident.

LECTURES.

The following is the combined programme of lectures arranged by the Society and the Student Sections during the session:—

"The Effect of Company Law Changes in relation to Company Accounts," by Mr. P. Griffiths, A.S.A.A.; at Cardiff.

"Duties of a Liquidator in a Voluntary Winding-up," by Mr. L. J. Muller; at Cardiff.

Mock Income Tax Appeal; at Newport.

"Income Tax," by Mr. Percy H. Walker, F.S.A.A.; at Cardiff.

"The Application of Economics to Everyday Life," by Mr. A. E. Pugh, F.S.A.A.; at Cardiff.

"Government Interference is Detrimental to the best Interests of Industry" (Joint Debate); at Cardiff.

"Some Phases of Income Tax," by Mr. C. T. Stephens, F.S.A.A.; at Newport.

"Rating," by Mr. F. J. Alban, F.S.A.A.; at Cardiff.

"Economics," by Mr. A. E. Pugh, F.S.A.A.; at Cardiff.

"Income Tax," by Mr. A. Goldstein, Inspector of Taxes; at Newport.

"The Companies Act, 1929," by Mr. Carey Evans, Barrister-at-Law; at Newport.

Mock Shareholder's Meeting; at Cardiff.

"Published Accounts of Limited Companies," by Mr. J. D. R. Jones, F.S.A.A.; at Newport.

Annual Dinner; at Cardiff.

A very gratifying feature of this session has been the marked improvement in the attendance at lectures. At the lecture delivered by Mr. F. J. Alban, F.S.A.A., there were no less than 101 present, and there has been a distinct quickening of interest throughout the session.

CONFERENCE OF REPRESENTATIVES OF DISTRICT SOCIETIES.

The District Society was represented at this Conference by the President and Vice-President, who also represented the District Society at the annual general meeting of the Parent Society the previous day.

The re-drafting of the rules of District Societies, which was forecast in our report last year, is now in hand, and a special sub-committee composed of four members of the Council and representatives of Manchester, Yorkshire, Nottingham, and our own President has been appointed and is engaged in the re-drafting.

EXAMINATIONS.

Once again members of this District Society appear in the Honours list at the examinations, and our sincerest congratulations are tendered to the candidates in question, viz:—November, 1929—2nd Place Honours Certificate in the Final examination obtained by Mr. H. F. Hallam (Clerk to Mr. N. E. Lamb, Newport). May, 1930—1st Place Honours Certificate in the Preliminary examination obtained by Mr. E. J. Wade, Cardiff.

ANNUAL DINNER.

The annual dinner was held at the Whitehall Rooms, Park Hotel, Cardiff, on April 11th, 1930, when Mr. Percy H. Walker, President of the District Society, was in the chair, and the Lord Mayor of Cardiff was the principal guest.

Cardiff Students' Section.

From the point of view of attendances, the session under review has been the most successful for many years, the average attendance being 27. A joint debate was held with the Newport Students' Section, together with a Mock Shareholders' Meeting. Meetings of this nature have not been held for many years and both proved very successful.

PRIZE ESSAY SCHEME.

This scheme continues to be attractive, and although the Committee were unable to secure as many candidates as they wished, each session brings along one or two new students. The contributions to the discussion were fairly satisfactory, but this particular part of the scheme, which gives an excellent opportunity to acquire practice in the art of public speaking, does not appear to be as attractive as it should be. The papers delivered were:—

"The Administration and Distribution of the Estate of (i) a Testator, and (ii) an Intestate," by Mr. R. R. Davies.

"Proofs, Proxies and Dividends," by Mr. T. W. M. Bowen.

"The Law of Contracts," by Mr. C. J. Crang.

"Important Changes in the New Companies Act," by Mr. D. Curitz.

"The Value of Cost Accounts," by Mr. V. F. Alban.

"Co-Partnership and Profit Sharing," by Mr. A. G. Charters.

"The Bank Rate," by Mr. J. O. Jones.

"Income Tax—Deduction of Tax at Source," by Mr. K. V. Stephens.

"The Preparation of Accounts from Incomplete Records," by Mr. K. S. Williams.

Mr. Ivor Davies, A.S.A.A., Mr. P. Griffiths, A.S.A.A., Mr. W. I. Rodda, A.S.A.A., Mr. E. E. Pearce, A.S.A.A.,

and the Hon. Secretary (Mr. J. Alun Evans) acted as judges, and the selected successful competitors were:—

(a) For the best paper: 1st, Mr. K. V. Stephens, paper on "Income Tax—Deduction of Tax at Source"; 2nd, Mr. V. F. Alban, paper on "The Value of Cost Accounts." (b) Prize for the best contribution to the discussions: Mr. R. R. Davies.

LIBRARY.

The efficiency of the Library is being improved year by year, largely due to the activities of the librarians, and it is gratifying to note that greater use is being made of the Library.

Newport Students' Section.

At the annual general meeting the following Officers and Committee were elected for the 1929-30 session:—Chairman, Mr. F. M. Forster, A.S.A.A.; Vice-Chairman, Mr. T. H. Trump, A.S.A.A.; Students' Representative on District Committee, Mr. F. J. Notley, A.S.A.A.; Librarian, Mr. R. C. Glendenning, B.Com.; Hon. Secretary, Mr. A. Blackburn; Hon. Auditor, Mr. H. F. Hallam; Committee, Mr. J. D. R. Jones, F.S.A.A., Mr. C. T. Stephens, F.S.A.A., Mr. E. L. Pritchard, A.S.A.A., Mr. C. V. Trace and Mr. S. G. Hockey.

LECTURES.

During the session the majority of meetings were devoted to the delivery of short papers by the students themselves, and the following were the papers delivered:—

"Auditor's Certificate in a Prospectus with particular reference to the Companies Act, 1928," by Mr. H. D. Edwards.

"Standard Costs," by Mr. C. V. Miles.

"The Companies Act, 1928, as affecting Voluntary Liquidations," by Mr. R. H. Hallam.

"Important Matters to be Considered when drawing up a Partnership Agreement," by Mr. H. F. Hughes.

"Ascertainment of Business Profits from Incomplete Records," by Mr. C. V. Trace.

"The Bank Rate and the Bank of England's Policy with Regard to it," by Mr. R. C. Glendenning.

"The Advantages and Disadvantages of Book-keeping," by Mr. W. Simpson.

"The Law of Comparative Costs" (not submitted in Prize Essay Scheme), by Mr. R. C. Glendenning.

"What are Profits" (not submitted in Prize Essay Scheme), by Mr. A. Blackburn.

All the papers delivered were of a high standard, and the adjudicators in the Prize Essay scheme had an extremely difficult task in allocating the prizes, which were awarded as follows:—1st prize, Mr. R. H. Hallam and Mr. R. C. Glendenning, B.Com.; 2nd prize, Mr. H. D. Edwards; 3rd prize, Mr. H. F. Hughes.

In addition to the above meetings the following should be mentioned:—Mock Shareholders' Meeting; Mock Income Tax Appeal; Joint Debate with Cardiff Students—"Government Interference is Detrimental to the Best Interests of Industry"; affirmative, Mr. R. C. Glendenning, B.Com., Newport; negative, Mr. K. V. Stephens, Cardiff.

YORKSHIRE.

ANNUAL MEETING.

The 36th annual general meeting was held on September 19th, at the Griffin Hotel, Leeds. Mr. Wm. Walker, F.S.A.A., presided over a good attendance of members.

The following Officers and Committee were elected for the year 1930-31:—President: Mr. Arthur France, F.S.A.A.; Past Presidents: Mr. J. W. Carter, F.S.A.A., Mr. F. C. Crosland, A.S.A.A., Mr. Fredk. Holliday, F.S.A.A., Mr. Wm. Walker, F.S.A.A., Mr. A. Walton, F.S.A.A., Sir Charles H. Wilson, F.S.A.A.; Senior Vice-President: Mr. William Tate, F.S.A.A.; Vice-Presidents: Mr. Wm. Gaunt, F.S.A.A., Mr. Thos. Hayes, F.S.A.A., Mr. J. B. Lapish, F.S.A.A., Mr. T. Revell, F.S.A.A., Mr. E. B. Shaw, F.S.A.A., Mr. R. E. Starkie, F.S.A.A.; Committee: Mr. G. Astle, A.S.A.A., Mr. O. Coope, A.S.A.A., Mr. F. Harrison, F.S.A.A., Mr. J. R. Moger, F.S.A.A., Mr. P. A. Moulton, F.S.A.A., Mr. A. Schofield, A.S.A.A., Mr. S. A. Spofforth, A.S.A.A., Mr. H. Threlfall, A.S.A.A.; Hon. Secretary and Librarian, Mr. T. W. Dresser, F.S.A.A., 29, Cookridge Street, Leeds; Hon. Auditor, Mr. T. Coombs, F.S.A.A., Leeds; Hon. Treasurer, Sir Charles H. Wilson, LL.D., F.S.A.A., 7, Greek Street, Leeds; Bankers, Westminster Bank Limited, Park Row, Leeds.

The retiring President, Mr. Wm. Walker, F.S.A.A., handed over the Badge of Office to the newly elected President, Mr. Arthur France, F.S.A.A., who thanked the members for his election, and spoke of the successful progress during the past year, asking all members to support the Lectures and social functions arranged by the Committee and Executive.

Annual Report.

The Committee have pleasure in submitting to the members the thirty-sixth report for the year ending September 1st, 1930.

MEMBERSHIP.

The members on the roll number 466, viz, 59 Fellows, 190 Associates, and 217 students. Eighty-nine new members have joined during the year, and 16 members have resigned.

We regret to record the death of the following members: Mr. J. W. Blakeborough, of Leeds; Mr. C. Hollis, of Leeds; and Mr. F. Kay, of Huddersfield.

LECTURES AND DISCUSSIONS.

During the 1929-30 Session eleven lectures and meetings were held at Leeds. The lectures were well attended by student and senior members, the average being 44.

"Executorship Law," by Mr. John H. Bromley, Solicitor.

"The Legal Avoidance of Income Tax and Super Tax by Individuals and Companies," by Mr. A. W. Rawlinson, A.C.A.

"Partnership Accounts," by Mr. W. H. Grainger, F.S.A.A.

"Statistics," by Mr. H. J. Lunt, F.C.A.

"Company Law" (the new Act), by Mr. W. Summerfield, M.A.

"A Selection of Practical Aspects of Taxation," by Mr. Stanley A. Spofforth, A.S.A.A.

"The Landlord and Tenants Act," by Mr. R. C. Davies, Solicitor.

"Some Practical Applications of Economic Laws," by Mr. George R. Lawson, F.S.A.A., B.Com.

Mock Meeting of Shareholders of a Private Limited Company. Joint Meeting with the members of the Bradford District Society of Incorporated Accountants.

"The Companies Act, 1928, from a Secretarial and an Accountant's Point of View." Joint Meeting with the Chartered Institute of Secretaries (West Yorkshire Branch).

"Mercantile Law," by Mr. W. R. Hargrave, LL.B., Solicitor.

ACCOUNTANCY CLASSES FOR STUDENT MEMBERS.

Arrangements have been working for several years at the Leeds College of Commerce, 77, Woodhouse Lane, Leeds (under the Leeds Education Committee), and student members are invited to apply for full syllabus of the evening classes either for the Intermediate or Final examination course.

APPOINTMENTS REGISTER.

Students and Associate Members requiring appointments should apply to the Secretary, who keeps a register of vacancies open, situations required, and names of students requiring articles of clerkship with local members.

EXAMINATIONS.

At the November, 1929, and May, 1930, examinations of the Society 32 members were successful, viz, eleven in the Final examination and 21 in the Intermediate.

ANNUAL MEETING AND SOCIAL GATHERING.

There was a large attendance of senior and student members present at the annual meeting, which was held on September 27th, 1929. Dinner was served at the close of the business meeting, after which the Presidential Badge was handed to the newly-elected President, Mr. William Walker, F.S.A.A., by Sir Charles H. Wilson, F.S.A.A., LL.D. Mr. Walker responded, and thanked the members for his election. Sir Charles H. Wilson also spoke of the progress of the Society and the good work done for student members preparing for their examinations.

The official dinner of the Society was held on December 11th, 1929, at the Queen's Hotel, Leeds. The President, Mr. William Walker, F.S.A.A., presided, and many leading Incorporated Accountants of Yorkshire were present.

Incorporated Accountants' Students' Society of London.

Syllabus of Lectures—Autumn Session.

1930.

- Oct. 9th. "Influences Affecting the Value of Securities," by Mr. Hartley Withers, formerly Editor of *The Economist*. Chairman: Sir Stephen Killik, President of the Society.
- Oct. 14th. "The Liabilities and Duties of Auditors," by Mr. W. H. Grainger, Incorporated Accountant, Chief Accountant, Prudential Assurance Company, Limited. Chairman: Mr. Richard A. Witty, Incorporated Accountant.
- Nov. 10th. "The Stock Exchange," by Mr. Philip Vos, M.A., Barrister-at-Law. Chairman: Mr. A. S. Wade, City Editor of *The Evening Standard*.
- Nov. 18th. "The Conduct of Investigations," by Mr. L. H. Graves, Incorporated Accountant. Chairman: Mr. H. M. Barton, F.C.A.
- Nov. 26th. "Some Practical Points on Executorship Law and Accounts," by Mr. H. A. R. J. Wilson, F.C.A., Incorporated Accountant. Chairman: Mr. G. Roby Pridie, Vice-President of the Society.

Dublin Incorporated Accountants' Students' Society.

At the annual general meeting of the Dublin Incorporated Accountants' Students' Society held on September 18th, Mr. A. J. Walkey, F.S.A.A., Vice-President, presided in the absence of the President, Mr. R. J. Kidney, F.S.A.A.

Opening the proceedings, the Chairman congratulated the members of the Society who were successful at the Incorporated Accountants examinations, and formally presented to Mr. E. M. Forde the Second Certificate of Merit, which was awarded to him at the recent Final examination. Mr. Forde, in reply, paid a tribute to the work of the Students' Society, whose lectures and discussions he regarded as indispensable to every accountant student.

The result of the election of Officers for the ensuing session was as follows:—President, Mr. R. J. Kidney, F.S.A.A. (re-elected); Vice-Presidents, Mr. J. G. Dowling, A.S.A.A., Mr. E. M. Forde, A.S.A.A.; Hon. Treasurer, Mr. R. A. Kidney; Hon. Secretary, Mr. J. P. Coyle; Committee, Mr. R. P. Smyth, Mr. J. A. Caulfield, Mr. M. Bell; Hon. Auditor, Mr. C. J. Dalton, A.S.A.A.

Hull and District Society of Incorporated Accountants and Auditors.

(Students' Section.)

Syllabus of Lectures, 1930-31.

1930.

- Oct. 3rd. "Economics in Relation to Accountancy," by Prof. J. H. Jones, M.A.
- Oct. 17th. "Executorialship Law and Accounts," by Mr. Wilfred H. Grainger, F.S.A.A.
- Oct. 31st. "Some Aspects of the Companies Act, 1929," by Mr. O. Griffiths, B.A., LL.B.
- Nov. 14th. "How to Read the Daily Financial Article," by Mr. J. C. Rea Price, B.Com., City Editor, *News-Chronicle*.
- Nov. 28th. "The Computation of a Company's Liability to Income Tax, Schedule D," by Mr. Stanley A. Spofforth, A.S.A.A.
- Dec. 12th. Mock Shareholders' Meeting. *Chairman:* Mr. A. E. Thompson, A.S.A.A.

1931.

- Jan. 16th. "Bankruptcy," by Mr. G. Cameron Ollason, F.C.A.
- Jan. 30th. "Partnership Accounts," by Mr. J. C. Beauvais, A.C.A.
- Feb. 13th. "The Bank Return," by Mr. A. C. Wade, City Editor, *The Evening Standard*.
- Feb. 27th. "Cost Accounts," by Mr. E. Miles Taylor, F.C.A., F.S.A.A.
- Mar. 13th. To be arranged.
- Mar. 27th. "Sale of Goods," by Mr. O. Griffiths, B.A., LL.B.

All meetings will be held at Powolny's Restaurant, King Edward Street, Hull, at 7.15 p.m.

Changes and Removals.

Messrs. H. B. Brandon & Co., Scottish Provident Buildings, 7, Donegall Square West, Belfast, and elsewhere, have admitted into partnership Mr. Samuel Boyle, Incorporated Accountant. There will be no change in the name of the firm.

Mr. Norman T. Downs, Incorporated Accountant, has removed to St. Peter's Hill (next door to Post Office), Grantham.

Mr. Walter Johnson, Chartered Accountant, has taken into partnership Mr. Sydney W. Symcox, Chartered Accountant, and Mr. Reginald Davis, Incorporated Accountant. The practice will be continued at 28, High Street, Swindon, under the style of Walter Johnson and Partners.

Mr. G. Glanville Mullens, Incorporated Accountant, has removed to 49, Station Road, Port Talbot.

Mr. Alfred E. Sisling, Incorporated Accountant, has removed to Commercial Union Buildings, Cheapside, Nottingham.

Messrs. Tarmaster & Co., Incorporated Accountant, have removed to Temple Chambers, 6, Old Post Office Street, Calcutta.

Mr. Stanley B. Wilson, Incorporated Accountant, announces that he is now practising as Wilson, Baikie and Co., at Mitre Chambers, Mitre Street, London, E.C.3; and at 76, Fore Street, Hertford.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

The Burden of Rates.

Most of the large towns in Scotland have been able to report reductions in local rates for the current year. In Edinburgh the reduction is 2d. in the £. In Glasgow the reduction was somewhat larger. In Greenock the reduction was 2s. 7d. in the £, making with a reduction of 2s. 8d. last year a reduction in local rates of 5s. 3d. in two years. Edinburgh has the lowest local rates of all the large towns in Scotland, being 8s. 6d. In Aberdeen the rate is 8s. 8d.; Dundee, 8s. 11d.; Paisley, 10s. 8d.; Greenock, 11s.; and Glasgow, 13s. 10½d. These reductions, in most cases, were claimed to have arisen, partly from municipal economies; partly from the operations of the Local Government (Scotland) Act, 1929, in respect of the Government "block" grant; and partly, it was claimed by supporters of the present Government, from the extension of benefits under the Unemployment Insurance Act.

Rationalisation in Shipbuilding.

Some months ago there was formed a rationalisation company called the National Shipbuilders' Security Company, Limited, with a nominal capital of £10,000, but with borrowing powers up to £3,000,000, and having the support of banking authorities. One of the principal objects of the company is the purchase of redundant shipyards in order to obtain economies of production in the industry. As a start, the company has purchased the Dalmauir shipbuilding yard of Messrs. William Beardmore and Co., one of the largest in the Clyde, which, planned mainly for the building of warships, has, since the war, also built several large ships for the merchant service.

During the war 6,000 men found employment. This is now reduced to 400 or 500, and these will be gradually paid off, it is expected, during the next few months. Such an event emphasises the tragedy of the existing industrial depression.

Scottish Artificial Silks.

A meeting of the Scottish Artificial Silks, Limited, was held in Glasgow on the 9th ulto. when a resolution was carried that the company be wound up voluntarily and that Mr. George M. Todd, C.A., Glasgow, and Mr. Harry Sharp, Incorporated Accountant, Manchester, be appointed joint liquidators. At a meeting of the Scottish Amalgamated Silks, Limited, held on the 17th ult, Mr. Stanley J. S. Adamson, C.A., Glasgow, and Mr. Harry Sharp, Incorporated Accountant, Manchester, were appointed joint liquidators for the purposes of winding up voluntarily.

New Scottish Industry.

The high duties on imported finished silk are responsible for the establishment of a factory by the British Silk Dyeing Company, Limited, which was formally opened on the 20th ult. by Sir John Gilmour, Bart., M.P. These works are situated near the shores of Loch Lomond, in nine acres of ground, amidst beautiful surroundings, and are the first of the kind in this country. It is expected that about 300 persons will ultimately be employed. As this district has suffered considerably from industrial depression the new industry will be specially welcome.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g. (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Sessions Cases (Scotland)*; S.L.T., *Scottish Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; N.I., Northern Ireland; P., President of Probate, Divorce and Admiralty.]

COMPANY LAW.

In re Castner-Kellner Alkali Company, Limited.

Scheme of Transfer of Shares to Another Company.

Where a scheme of arrangement under sect. 155 of the Companies Act, 1929, has at any time before the commencement of the Act been approved by the holders of at least nine-tenths in value of the shares affected, the Court has power under that section to determine the terms on which the shares of dissenting shareholders are to be acquired, and it makes no difference that, since the original offer was made, a further transfer and amalgamation have taken place, and that dissenting shareholders cannot be given shares in the original purchasing company. The fact that the petitioners offer to the dissenting shareholders shares different from those which are offered to the assenting majority does not prevent the petitioners

from availing themselves of the opportunity to purchase the dissentients' shares on such terms as the Court may consider reasonable and adequate.

(Ch.; (1930) 46 T.L.R., 592.)

REVENUE.

Inland Revenue Commissioners v. Trustees of the Hostel of St. Luke's.

Payments to Charity under Deed of Covenant.

In 1927 a subscriber covenanted to pay to a charitable institution for seven years such an annual sum as would leave them the sum of £8 after deduction of income tax. The period between the date when the first payment was made and the date when the last payment would fall due was less than six years.

By the Finance Act, 1922, sect. 20 (1) (b), any income which by virtue or in consequence of any disposition made by any person after May 1st, 1922 (other than a disposition made for valuable and sufficient consideration), is payable to or applicable for the benefit of any other person for a period which cannot exceed six years, shall be deemed, for the purposes of the Acts relating to income tax, to be the income of the person by whom the disposition was made and not to be for those purposes the income of any other person.

It was held by the Court of Appeal, reversing the decision of Rowlatt (J.) (see *Incorporated Accountants' Journal*, August, p. 482), that as the duration of the payments did not exceed six years, the income was to be deemed the income of the subscriber, and the respondents were not entitled under sect. 37 (1) of the Income Tax Act, 1918, to repayment of the tax.

(C.A.; (1930) 46 T.L.R., 580.)

Attorney-General v. Farrell.

Settlement of Real Estate.

In 1894 and 1896, by a disentailing deed and a deed of resettlement, A and his mother appointed property to trustees upon trust for the mother for life, and thereafter upon trusts for management. There followed a discretionary trust for A, his wife or children, with remainder in trust for A's sons, with an ultimate remainder to A's brother E. The mother died in 1925 and estate duty was paid on the value of the property. The trustees, acting under their discretion, then paid £50 a month to A and allowed E to receive the balance of income. In 1926 A died, a bachelor, and the Crown claimed estate duty on the property, as passing at his death.

It was held by the Court of Appeal that in executing the disentailing deed and resettlement A had acted as a "person competent to dispose of property" within the meaning of sect. 22 (2) (a) of the Finance Act, 1894, and the discretionary trust in his favour was a reservation by him of such an interest in the property as is indicated by sect. 38 (2) (c) of the Customs and Inland Revenue Act, 1881. Therefore, by the joint effect of the latter section and sect. 2 (1) (c) of the Finance Act, 1894, the property passed on A's death and estate duty was payable.

(C.A.; (1930) 46 T.L.R., 587.)

National Parl-Mutuel Association, Limited, v. The King.

Duty Paid under Mistake of Law.

The suppliant company paid betting duty under sect. 15 of the Finance Act, 1926, in respect of a totalisator, and afterwards the House of Lords, in a precisely similar case, held that betting duty was not payable. The company then presented a petition of right claiming the return of the amount of the duty on the ground that it had been paid under a mistake of fact.

It was held that the suppliants' mistake as to their liability to the duty was a mistake of law and not of fact, and, therefore, they could not recover.

(K.B.; (1930) 46 T.L.R., 594.)